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## Croats Form Anti-Serbia Military Pact With Bosnia

*Alliance Could Mean An Increase in Fighting Throughout the Region*

*The Associated Press*  
ZAGREB, Croatia — Croatia formed a military alliance Monday with Croats and Muslims in Bosnia in a move that adds muscle to the anti-Serbian front in both republics.

The carrying out of an agreement on forming a joint headquarters was announced after a meeting of political and military leaders representing Croatia, the Bosnian Croats and the Muslims.

It was unclear if the move would be translated into practice. A Bosnian Croatian and Muslim federation with close ties to Croatia has existed on paper for a year, but few of its political and military provisions have been carried out.

[In another move that many believe will accelerate the drift toward broader conflagration in the Balkans, a senior United States envoy failed to secure any discernible public shift in demands that United Nations peacekeepers leave Croatia. The New York Times reported from Zagreb.

[The development coincided with a warning by the Bosnian foreign minister, Irfan Ljubajnik, in London that the region was "dangerously close to a resumption of all-out war. At the moment we have a diplomatic vacuum.]

The Croatia-Bosnia accord theoretically would permit Croatia to get officially involved in fighting in Bosnia, in areas such as in the northwestern Bihać pocket on the Croatian border. That, in turn would increase the fighting, with rebel Serbs in Croatia doing even more to aid their brethren in Bosnia.

Kresimir Zubak, the Croat heading the new federation, said the implementation meant "that we would be prepared, if we cannot solve the crisis by peaceful means, to act jointly to defend ourselves from the

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*Luca Bruno/The Associated Press*

## AGENDA

### Mexico Seeks to Extradite Prosecutor

**MEXICO CITY (AP)** — The government said Monday it would seek to extradite a former prosecutor being held in the United States to face charges of obstructing an assassination inquiry.

From the attorney general's office said Mario Ruiz Massieu was wanted on suspicion of obstructing his own investigation into the Sept. 28 murder of his older brother, José Francisco Ruiz Massieu, the No. 2 leader of Mexico's governing party.

He was arraigned before a federal

Judge in Newark, New Jersey, on Monday afternoon and ordered held without bail on a charge of failing to declare \$40,000 in cash when he entered the United States last Friday. Mexican news media reported the government would seek his extradition for trial on charges of altering depositions to protect Raúl Salas, who allegedly ordered the killing.

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## Japanese Banks Tangled in Barings Crash

These banks did have loans outstanding to Barings.

Barings, which was sold late Sunday to the ING Group of the Netherlands, collapsed after a trader in its Singapore office made a highly leveraged bet that went sour when the Japanese stock market started declining in recent months.

Japanese banks apparently made various loans to Barings to help it meet margin calls at the securities exchanges in Japan, according to two Japanese economic newspapers.

Officials at the Finance Ministry declined to comment on the reports, although one official conceded that Japa-

potential losses were unlikely to have a catastrophic impact on their earnings.

It was not clear whether the banks would actually lose the lent money, given that ING Group is injecting about \$1 billion in cash to keep Barings in operation. The Dutch company has pledged to assume the liabilities as well as assets of Barings.

But the fiscal year in Japan ends March 31, and because of the uncertainty, the Japanese banks may decide to write off quickly a substantial amount of the exposure as losses. Altogether, the amount written off this year could be as much as \$537 million.

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## Poverty Meeting Shows New Wariness About Aid

By Barbara Crossette  
*New York Times Service*

**COPENHAGEN** — As representatives from more than 130 nations began to talk Monday about growing poverty worldwide and how to deal with it, it soon became apparent that slow but significant shifts are taking place in the thinking of both rich and poor nations that may bring new cooperation in finding solutions.

In the developing world, there is a realization that the industrial countries are in no mood or position to pay more for programs popularly considered ineffective, if not wasteful.

As if to make the point clearer, some European groups among the nongovernmental organizations meeting here in their own forum are saying that there are many social problems to solve closer to home — including a high rate of unemployment — and that is where resources should go.

In February, an aid meeting between the European Union and nations in Africa, Asia and the Pacific had to be called off because of the reluctance of the Europeans to commit anything but what the French called a "desert" amount of money to former colonies and trading partners.

Among delegates and a larger number of unofficial representatives of richer nations, however, there is also a new understanding that poverty and social dislocation far away have global consequences. They create immigration, health epidemics, markets too poor to buy exports and economies risky to investors.

But at the same time, the industrial

world and international institutions including the World Bank, the International Monetary Fund and the United Nations development program are asking that developing nations put their own financial and governmental houses in order, and begin putting money into schools and health programs, not more weapons or expensive public projects that benefit only the elite.

At a news conference Monday, after delivering the opening speech of the conference, Secretary-General Boutros Boutros Ghali of the United Nations warned, "You will not have profound change here because the international community will not be ready for it."

But outside the main conference hall, change was in the air. In a string of press briefings, interviews and informal conversations in the dozen or so cafés the Danish government has scattered around the exhibition center where the conference is taking place, concrete proposals were being made to harness the financial strength and ingenuity of the richer North to the needs of the poorer South.

Inside the formal meeting, the World Summit on Social Development, there was movement also. With unexpected ease, the Group of 77 — now an organization of more than 130 developing nations — agreed to a nonbinding goal known as the 20-20 proposal. This would ask all donor nations and institutions to earmark 20 percent of their foreign aid for basic social needs: schools, hospitals, water projects and the like.

Developing nations would be expected to allocate 20 percent of their expenditures to the same underfinanced sectors.

Among richer nations, which now spend about 7 percent on average on social programs abroad, that would mean a tripling in money intended only for the neediest in countries receiving aid. For the poorer nations, which spend on average about 10 percent or less of their budgets on basic services, they would have to double expenditures in those fields.



*Wolfgang Rattay/Reuters*

## Bring Back the Rod? America Waves Stick at Crime

By Ann O'Hanlon  
*Washington Post Service*

**WASHINGTON** — Nearly a year after an American teenager, Michael P. Fay, was caned in Singapore for vandalism, a movement for similar forms of punishment is surging in the United States. At least nine states are considering corporal punishment laws, which would allow use of a paddle or cane to punish street criminals.

"Call Michael Fay and ask him if he'd

go over there and do that again and I bet he'd say no," said state Representative Doug Gunnels, Republican of Tennessee, sponsor of a bill being considered by the state legislature.

"This Singapore incident got my attention," said state Representative Tom Cameron of Mississippi, sponsor of a caning bill that passed the Mississippi House but was stopped by a Senate subcommittee.

Mr. Cameron said the crime problem in the United States had prompted him to look for new ways to deter criminals.

"Obviously, nothing else is working," he said.

Corporal punishment bills also are pending in New York and California. According to legislators in those states, the introduction of similar measures is being considered in at least five other states. A crime bill including a corporal punishment clause was introduced in Congress last session but received no action.

The momentum began in California last May, when a Republican assembly-

man, Mickey Conroy, was sparked to action by the Fay incident. The American teenager was caught spray-painting cars in Singapore and was sentenced to four months in prison, a \$2,230 fine and six lashes, reduced to four after appeals from President Bill Clinton and the teenager's parents.

Prior to introducing the California legislation, which would allow just sentence minor to paddling for crimes, Mr. Conroy floated the

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## THE AMERICAS

## States Are Fast on the Draw in Approving Handguns

By Sam Howe Verhovek  
*New York Times Service*

AUSTIN, Texas — A powerful movement to allow ordinary citizens to obtain permits easily for carrying concealed weapons is taking hold across the United States, a product of both the new Republican control of many state governments and of increasing fears that the police are incapable of protecting citizens from criminals.

In the last few weeks alone, legislatures in Virginia, Arkansas and Utah have passed laws that would make it far easier for law-abiding adults to obtain permits to carry handguns. Several other states, including Texas, the nation's second largest, are expected to pass similar bills soon.

About 20 states generally grant permits to adults without a criminal record or a history of mental illness, but in a growing movement at least 13 other states in addition to Texas are considering bills to make it easier for people to carry handguns.

The Texas bill is virtually assured of passage, and Governor George W. Bush has pledged to sign it.

In Oklahoma, the state Senate on Feb. 27 passed by a 43-to-4 vote a concealed-weapons measure known as the Oklahoma Self-Defense Act, which is expected to pass the state House soon.

"Citizens want a way to protect themselves," said state Senator Frank Shurden, a Democrat.

Opponents of the bills, including some, but by no means all, law enforcement officials, contend that more guns will only spur more violence, and some paint modern-day Dodge City

**'Before we begin packing heat for our walks to Sunday service, before we strap on six-shooters for our run to 7-Eleven, let's talk about it. Let's just talk about it.'**

Royce West of Texas

scenarios in which routine fender-bender accidents could escalate into bloody duels among gun-toting motorists.

But proponents take a very different view. About midway through a 7½-hour hearing in the Texas Capitol this week, a witness named Suzanna Gratié got out of her chair and walked over to state Senator Royce West of Dallas.

She pointed her index finger at him and cocked her thumb. Ms. Gratié, whose parents were among 23 people killed in a Luby's restaurant in Killeen, Texas, by a gunman in October 1991, was speaking in favor of the bill that

would allow most adult Texans to carry a gun. Mr. West, a former prosecutor, is the leading opponent of the bill.

"Tell me, senator," Ms. Gratié said to Mr. West, gesturing with her head at the senator next to him. "Would you like him to have a concealed weapon at this point or not?"

Mr. West said he had little hope of stopping the bill in Texas, but he is now trying to gain approval for a requirement that state residents vote in a nonbinding referendum this fall on whether they think the measure is a good idea.

"Before we begin packing heat for our walks to Sunday service, before we strap on six-shooters for our run to 7-Eleven, let's talk about it," he said. "Let's just talk about it."

At the hearing in Austin, before the state Senate's Committee on Criminal Justice, several women bore placards that read "Mothers Against Concealed Weapons." One, Juilia Cooper, who said her teenage son was shot and killed by gang members three years ago, said the bill sent a confusing message to children.

"On the one hand we're teaching conflict resolution in schools," she said, "and on the other hand, we're allowing adults to carry concealed guns."

Mr. Bush, a Republican who criticized his Democratic predecessor, Ann Richards, for vetoing a measure that would have cleared the way for a con-

cealed-weapons bill, has said he sees no need for a referendum.

A variety of newspaper polls, depending on how the question was worded, have shown that Texans either support the right to carry a gun or are evenly split on the issue.

The Texas measure would not allow residents to carry guns in schools, bars or government buildings, or at race tracks and other sporting events.

Florida is the largest of the nearly 20 states that currently have broad laws

that allow citizens to easily obtain permits to carry guns. The state has issued 266,710 right-to-carry permits since the law went into effect in October 1987, according to the State Division of Licensing.

Nearly 20 other states require people to demonstrate their need to carry a gun, with the decision on whether to grant a permit left to their local police chief or sheriff, or to a judge. In many

states, citizens generally have no right to carry their gun in public, except while hunting. Texas, despite its Wild West image, has been among this group since the mid-19th century, shortly after it entered the Union.

In several states where the issuing of permits is at the discretion of the authorities, legislatures are expected to engage in bitter debates in the coming weeks or months over measures to make permits more automatic. That is especially true in California, where the proposed Citizen Self-Defense Act would take the power to control permits away from local law enforcement offices.

Florida's experience has generally provided strong arguments for proponents of the right-to-carry bills, including the National Rifle Association, which has made passage of the bills a top priority. Even those who opposed the measure said it had not led to the increase in violence they had feared.

"It didn't become the nightmare that I envisioned — everyone, everywhere having concealed weapons," said Richard Witt, chief of the Hollywood, Florida, Police Department. "But I still think the guidelines are too relaxed."

## Health Insurance: Billfold Blues

WASHINGTON — Many states have adopted changes in the way health insurance is sold that are similar to reforms being advanced by congressional Republicans with "little evidence they have increased or decreased coverage of the uninsured much" so far, according to a new study.

The reforms proposed by congressional Republicans would make it harder for insurance companies to reject applicants and refuse to renew or exclude diseases from coverage.

But the study by George Washington University's International Health Policy Project found that the insurance sales practices that Republican reforms address are not the important impediment to the 38 million people who do not have health insurance.

"The main reason people don't have insurance is that they or their employers don't have enough money to buy it," said Kalra Ladenheim, one of the principal authors of the study.

The finding is consistent with Congressional Budget Office studies of insurance-reform bills proposed last year by Republicans and Democrats. The office found then that the only market-reform bills that would make a substantial difference in increasing health coverage were those that also provided hundreds of billions of dollars in federal premium subsidies over the next decade to help people pay for it.

The central features of Republican proposals for health-insurance reform this year again focus on reform of the rules for marketing insurance in businesses with 50 or fewer workers, where the percentage of workers covered is much lower than in large businesses. But neither of the two key bills contains any federal subsidies.

## Cooling Cuts in Heating Subsidies

WASHINGTON — Bernard Smith, executive vice president of the New England Fuel Institute in Waterbury, Massachusetts, is upset about House Republican plans to terminate a \$1.3 billion program that helps low-income people pay winter heating bills.

If the subsidy ends, thousands of customers served by the 1,300 fuel oil dealers in Mr. Smith's organization could have trouble paying their bills, beginning next winter. Nationwide, more than 5 million households receive the subsidy.

But whether the subsidy really will end is highly uncertain. The House Appropriations Committee has eliminated funding for the program, and the full House is almost certain to agree. But, unless the Senate concurs, it could survive — though perhaps reduced in size. And with three Republicans from cold-weather, northern states on the Senate Appropriations subcommittee that will act on the issue, killing it will be no easy matter.

"We don't expect the program to be zeroed out in the Senate," said Senator Judd Gregg, Republican of New Hampshire. (WP)

## Clinton Stands Up for the Veterans

WASHINGTON — In a reply in more than two years of complaints, President Bill Clinton announced on Monday the creation of an independent panel to recommend improvements in the government's response to veterans who blame their illnesses on service in the Gulf War.

The announcement amounted in fact, acknowledgement of criticism that the government has failed adequately to investigate the cause of the maladies and that it has been slow to provide Gulf War veterans with needed treatment.

In unveiling the plan in an address to the Veterans of Foreign Wars, Mr. Clinton called attention to his administration's record in pushing for changes that now allow thousands of Gulf War veterans in collect disability benefits even when their illnesses remain undiagnosed.

But Mr. Clinton made plain that he was not satisfied with efforts to determine what might have caused unexplained symptoms including fatigue, severe muscle pain, and memory loss that have been reported by the more than 40,000 Gulf War veterans who have come forward with ailments they believe are linked to their service.

"We must do more," the president said. (NYT)

## Quote/Unquote

Bob Packwood, Republican of Oregon and chairman of the Senate Finance Committee, in discussions of possible party punishment for Senator Mark Hatfield, the lone Republican to vote against the constitutional amendment on a balanced budget: "Nothing is going to happen to Mark. He will remain as Appropriations chairman. Could someone call for his removal? Yes. Will that happen? No. It will not, and it should not. If we start going down that road, what will be the next button-test issue? If you start down that road, we'll soon be eating each other, and we will become political cannibals."

(AP)



ON GUARD — A Venezuelan soldier waiting as a military plane approached Carabobo, an outpost on Venezuela-Colombia border that was attacked by Colombian guerrillas in February. Border security has been stepped up.

## Ruling Opens Way For Investors to Get Punitive Damages

*The Associated Press*

WASHINGTON — The Supreme Court ruled Monday that a standard contract used in the securities industry does not bar defrauded investors from collecting more than actual damages.

The 8-to-1 decision, potentially of enormous importance for the securities industry, reinstated a \$400,000 punitive-damages award that two Illinois investors had won, and then lost, from Shearson Lehman Hutton Inc.

Punitive damages, aimed at punishing and deterring bad conduct, are not available in arbitration cases under New York law. It is standard practice in the securities industry to require investors to sign contracts requiring arbitration rather than lawsuits when disputes arise.

That was the type of contract that Antonio and Diana Mastrobuono, residents of the Chicago area, signed with Shearson in 1985, agreeing to arbitration under New York law.

The couple closed their account in 1987, and two years later they sued Shearson. They alleged that their former Shearson broker had subjected their account to unauthorized trading and other misconduct.

Shearson invoked its contract with the Mastrobuanos to compel arbitration, and a panel of arbitrators in Chicago awarded the couple \$159,327 in actual damages and \$400,000 in punitive damages.

A federal trial judge upheld by the 7th U.S. Circuit Court of Appeals, invoked the contract language about New York law in ruling that no punitive-damages award was possible.

The decision Monday reversed those rulings.

Writing for the court, Justice John Paul Stevens said that not

allowing punitive damages would unduly punish the Mastrobuanos for signing a contract that was less than clear about the availability of such relief.

Shearson "drafted an ambiguous document" and cannot now claim the benefit of the doubt, Justice Stevens said.

He added that it seemed unlikely that the Mastrobuanos "had any idea that by signing a standard-form agreement to arbitrate disputes they might be giving up an important substantive right."

Nothing in the court's decision, however, appeared to preclude securities brokers from drafting contracts that explicitly exclude the possibility of punitive-damages awards in arbitration.

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changes in some of the most hotly contested provisions of the current system. The measures would set federal standards in all product-injury lawsuits, even those decided by state courts; would impose strict limits on punitive damages in all civil cases, and would require the loser in many suits to pay the legal costs of the winner.

But after an internal debate within the White House and the Justice Department, Attorney General Janet Reno and Abner J. Mikva, the White House counsel, decided over the weekend to make their objections public.

In their letter to Mr. Gingrich, they describe central elements of the legislation as "deeply problematic" and criticize several aspects as "unfair, unnecessary and unwise."

In an interview, Mr. Mikva was even more blunt in criticizing the measures as favoring business interests over those of ordinary citizens. He said the legislation would make it more difficult for "the

average middle-class consumer to try to get his wrongs redressed."

"When I look at bills like these, I can believe that Speaker Gingrich means what he says when he describes himself as a revolutionary," said Mr. Mikva, a former congressman and former chief judge of the U.S. District Court of Appeals for the District of Columbia.

Administration officials said they were mindful that the Republican-backed proposals carried a powerful political appeal.

With public opinion polls showing that many Americans have come to see the legal system as too litigious, Ms. Reno and Mr. Mikva say in their letter to Mr. Gingrich that the administration is eager to work with Congress to settle on acceptable improvements.

But after standing by as the overhaul plan sailed through the House Judiciary and Commerce committees, administration officials left no doubt that President Bill Clinton and his aides intended

to push for major modifications now that the measures have reached the House floor.

If the measures become law, they would discourage tens of thousands of lawsuits each year in the federal and state court systems, both supporters and opponents say. The legislation also would make it significantly harder for consumers who are injured to win large verdicts in product-liability cases, and in all areas of the law, it would limit punitive damages to \$250,000, or three times the compensatory damages, whichever is greater.

Supporters of the proposal, which was spelled out in the House Republicans' "Contract With America," say it would help to prevent unfounded lawsuits from clogging the courts while lifting a major burden on U.S. manufacturers and other corporations.

But consumer advocates have said the measures would unfairly limit many Americans' access to the courts.

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Mr. Storfer said he heard a dog barking shortly after 10 on the night Mrs. Simpson and Mr. Goldman were slashed to death.

Mr. Storfer said he had been putting his son to bed after 10 P.M. when the dog began barking.

"As I was taking him downstairs, I heard a dog barking," Mr. Storfer said. "I was concerned it would wake up my son. It was that loud and persistent."

He testified that he told his wife about the barking. "It was 10:28 on the digital display on our TV," he said, adding the clock was set five minutes fast.

The lead prosecutor, Marcia Clark, explained that Mr. Storfer no longer lived in Los Angeles and had returned specifically to testify.

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## ASIA

## Hong Kong Voters Back Self-Rule Slate

### Local Parties Cite Successes In Face of Beijing's Threats

By Kevin Murphy  
*International Herald Tribune*

**HONG KONG** — Despite China's repeated threats to dismantle the British colony's three-tier system of local government after 1997, Hong Kong residents have voted in record numbers for self-government candidates in municipal elections.

The elections were the second of three levels of polls organized under changes that set off a two-year confrontation between Beijing and London and jarred local confidence.

Local personality contests and issues more relevant to park management and garbage collection than the Chinese-British relationship dominated the contests. Nonetheless, Hong Kong's nascent political parties used them to prepare for more important Legislative Council elections to be held in September.

"On the whole, we have achieved our main goal," the Democratic Party deputy chairman, Yeung Sum, whose party won 23 out of 36 seats it contested, told Bloomberg Business News.

In 59 Urban and Regional Council contests, candidates from two self-rule parties won 31 seats, outflanking a loose confederation of parties sympathetic to Beijing or at least unwilling to openly confront China on most important issues.

But in several constituencies the total percentage of votes won by pro-China candidates showed a marginal increase over the results in other contests. That is a sign, analysts said, of greater sophistication by Beijing's lobbyists and political operatives in Hong Kong.

China admitted recently that

it would take an active role in future Hong Kong elections by working with the several political groups that favor Beijing's policies on Hong Kong's future administration.

"Overall, the results themselves indicate people in Hong Kong, when given the chance, remain well disposed to the democratic process," said Nick Moakes, a China analyst with S.G. Warburg Securities.

"It's also a bit of a surprise to hear the Chinese commenting favorably on voter turnout," Mr. Moakes said. "They usually discount such things."

More than 560,000 people voted Sunday, a participation rate of 25.8 percent of all eligible voters and a slight increase in voter interest from previous elections.

But reforms such as lowering the legal voting age to 18, and apparent greater interest in political issues, such as the 1997 transfer of sovereignty, attracted 43 percent more people to vote Sunday than in the past council elections, in 1991.

"We are very pleased with the turnout and to see such a variety of candidates and political groups involved," said spokesman for Hong Kong's governor, Chris Patten. "When people are asked if they want more or less democracy, more or less say in how Hong Kong runs its affairs, they are saying they want more."

Mr. Patten, who described the municipal elections as "no more threatening than a pussycat," called upon Beijing to put disputes about electoral reform aside so that the two sides might better cooperate on planning for the handover.

Negotiations on nearly every major issue to be decided between Beijing and London have been virtually on hold since Mr. Patten first announced his electoral reform plans in October 1992, soon after arriving in Hong Kong.

"I very much hope that all of us can look forward to greater cooperation between Britain and China in the interest of Hong Kong," Mr. Patten said, Agence France-Presse reported. "That's what all of us want to see."



Sri Lanka soldiers, asked in Trincomalee by the deputy defense minister if they were ready to fight if peace talks with the Tamil rebels failed, raising hands to respond "yes."

## Sri Lanka Says Rebels Turn Down Mediation

*Agence France-Presse*

**COLOMBO** — The government said Monday that the Tamil Tiger guerrillas had rejected an offer of foreign mediation on ending the long ethnic war in Sri Lanka.

President Chandrika Bandaranaike Kumaratunga accused the Liberation Tigers of Tamil Eelam of blocking the government's efforts to resolve the conflict peacefully.

Although the Tamil Tigers agreed to open talks with the government, Mrs. Kumaratunga said, they have been working toward "slowing down" the peace process that she initiated after taking office in August.

She said the rebel leader, Velupillai Prabhakaran, had rejected her offer to invite a "foreign person under the patronage of a foreign government" as a mediator to open substantive political negotiations between the government and the rebels, known here as the LTTE.

"Mr. Prabhakaran has rejected this proposal," she said. "He has stated that direct talks between the government and the LTTE would be more appropriate. He has not yet set a definite date."

The LTTE's claim that the government has refused to accept their proposal to start peace talks is factually incorrect," Mrs. Kumaratunga said in response to a letter sent by Mr. Prabhakaran last week.

Mr. Prabhakaran blamed the government for the stalemate and accused him of giving priority to "military sufferings." The Tamil Tigers also accused the government of "deception" and of trying to deceive the international community.

Mrs. Kumaratunga responded by saying that the Tamil Tigers were blocking the monitoring of the two sides, while they were saying that the government should upgrade the present cessation of hostilities to a permanent ceasefire.

"It is regrettable that after agreeing to the functioning of the committees, the LTTE should suddenly put forward new demands," she said.

## BRIEFLY ASIA

### Indonesia Arrests Timorese Rebels

**DILI**, Indonesia — The military has arrested about 30 East Timorese in an operation against anti-Indonesian rebels, the police said Monday.

An officer, who spoke on condition of anonymity, said the detainees were suspected members or supporters of the Revolutionary Front for the Independence of East Timor, which has been fighting since Indonesia annexed the former Portuguese colony in July 1976.

The army commander of East Timor, Colonel Kiki Syamak, declined to specify the exact number arrested but said they were seized Saturday in Dili and Liquisa. (AP)

### Khmer Rouge Claim a Big Assault

**PHNOM PENH** — The Khmer Rouge leader, Khieu Samphan, claimed Monday that his guerrillas had encircled Battambang, Cambodia's second-largest city, and other sources said the city had been hit by rockets.

Speaking on the clandestine Khmer Rouge radio, Mr. Samphan said that the provincial capital, 250 kilometers (155 miles) northwest of Phnom Penh, had been surrounded and that government soldiers were "going to die soon."

Serey Kosal, deputy governor of Battambang Province, said about 1,000 Khmer Rouge fighters had been drawn from various zones to attack the city. In recent months, the Khmer Rouge has staged raids in the province, burning down villagers' homes. (AP)

### 21 Die as Karachi Feud Drags On

**KARACHI**, Pakistan — Snipers gunned down four men Monday and continued to terrorize a city that has had at least 21 killings in the past four days, the police said.

The latest sniper attacks and many of the weekend deaths appeared to be linked to a feud involving the police and rival factions of the Muahid Qazmi Movement, a militant political group that represents Muslims who have migrated to Pakistan from India. The 21 deaths that occurred from Friday to Monday included four police officers, who have become regular targets. (AP)

### Burma Closes Key Thai Checkpoint

**MAE SOT**, Thailand — Burma has closed a key border crossing with Thailand, and Thai troops have stepped up patrols along the tense frontier, Thai military officers said Monday.

Earlier, Thailand warned that it would retaliate with force if Burmese troops continued their incursions into Thai territory in their campaign against Karen rebels.

Colonel Adired Yannagamee, the regional commander, said that Thai business people and visitors seeking to cross into Burma from the frontier town of Mae Sot had been turned back since Saturday. (AP)

### VOICES From Asia

**Chandrika Kumaratunga**, president of Sri Lanka, in announcing that peace talks with rebels were in trouble: "The path to peace is not sworn with roses. The government has never entertained the illusion that the achievement of peace was an easy task." (AP)

**Shoichiro Toyoda**, chairman of the Federation of Economic Organizations, or Keidanren, Japan's top business lobby, on the rise of the yen: "The yen is at a much higher level than companies can deal with, reflecting serious instability in the world's financial markets." (Bloomberg)

**Liu Hongbo**, a former track driver whose team had been traveling to a Chinese port to pickup cargo for the United States, on why he had been accused of corruption: "It's a chicken for the workers, but the leaders don't eat chicken." (AP)

### Austrian Leader to Visit Asia

*Agence France-Presse*

**VIENNA** — President Thomas Klestil is to visit Indonesia, Thailand and Vietnam from March 19 to 28 to discuss closer economic ties between Austria and those Southeast Asian countries, his office said Monday.

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## 1995 World Rally Championship



Swedish Rally  
1st and 2nd overall!

Place	Car	Driver
1	Mitsubishi Lancer	K. Eriksson
2	Mitsubishi Lancer	T. Mäkinen
3	Toyota Celica	T. Radstrom
4	Toyota Celica	J. Kankunen
5	Toyota Celica	D. Auriol
6	Ford Escort	B. Thiry
7	Ford Escort	S. Blomqvist
8	Toyota Celica	T. Jonsson

# Mitsubishi conquers the Swedish winter!

*Unbothered by biting cold and treacherous ice, the Mitsubishi Lancer totally dominated the Swedish Rally — 1st and 2nd overall!*

Suppose you wanted to test your car's durability and performance in icy sub-freezing conditions. Where would you go?

Mitsubishi chose the Swedish Rally, the second event in the prestigious World Rally Championship.

Rally organizers selected the 1633-kilometre route specifically because it would be entirely covered in snow and ice. And in case that wasn't challenging enough, they scheduled some stages at night — in total darkness.

Many drivers might look at sliding around icy turns and navigating through heavy snowfall in the dark as

an ordeal better left to snowmobiles. But to the world's best rally drivers, the Swedish Rally is a magnet. And so it would be the ideal winter proving ground for the Mitsubishi Lancer.

You see, ordinary test tracks don't present much challenge to the Lancer. Even on treacherously twisting roads in poor weather, the Lancer's outstanding handling and performance make driving easy, safe and enjoyable. And the Lancer is durable enough to withstand years of trying conditions and still perform smoothly and reliably.

By entering the Swedish Rally, Mitsubishi hoped to

learn the true measure of the Lancer's ability to manoeuvre and perform in the iciest, coldest, nastiest winter conditions possible — against the best competition in the world.

The result? With many other cars plagued by handling problems and engine trouble from the cold, the Lancer totally dominated, finishing 1st and 2nd overall.

So now we know.

**MITSUBISHI LANCER**



**CREATING TOGETHER**

## INTERNATIONAL

## U.S.-French Intelligence Links Badly Strained by Spy Scandal

By William Drozdiak  
*Washington Post Service*

**PARIS** — An embarrassing spy scandal appears to have inflicted lasting harm on relations between French and American intelligence, according to officials in both governments.

While President Bill Clinton said last week that he believed the matter had been resolved, resentment over the affair appears to run deep.

A senior French official said contacts with the Americans at a G-7 meeting in Brussels on information technology last week, attended by Vice President Al Gore, were "nothing less than glacial."

The consequences for Prime Minister Edouard Balladur appear even more dramatic.

France's demand that five Americans identified as CIA operatives be recalled distract ed attention from an explosive wiretap scandal, but undermined Mr. Balladur's authority and aggravated a breach in his government between ministers supporting his bid for the presidency and those backing his Gaullist rival, Mayor Jacques Chirac of Paris.

But the most devastating impact is being felt between intelligence agencies in both countries, officials say.

"This will not blow over in a matter of months," a U.S. official said. "It will take several years, at least, before we can talk about serious cooperation again in intelligence matters."

"Right now the mood is too poisoned to believe that we will ever be able to cooperate on anything like we did before, unless there is a major crisis that poses a serious threat to both

governments," a French official said.

What has most irked the Clinton administration is how Mr. Balladur's powerful ally, Interior Minister Charles Pascual, appears to have decided to become locked in a public espionage duel with the United States chiefly for domestic political purposes when, by tradition, all such conflicts between friendly nations are handled with utmost discretion.

A top aide to Mr. Pascual has been fingered by French newspapers and government officials as the likely culprit in leaking the story to the daily newspaper *Le Monde*.

They have been depicted as naive and ill-informed as they sought to extract information from their prey on France's negotiating positions in the final months before a global trade agreement was reached in December 1993.

Mr. Pagnol was paid in cash at several furtive meetings, where he was asked to fill out questionnaires and undergo interrogation by CIA analysts.

The questions ranged from whether Mr. Balladur would run for the presidency to why the French are so protective of their farmers, even though they represent only 5 percent of the population.

As Mr. Pagnol pointed out, all of the information he provided in return for such handsome payments was readily available to any attentive reader of French newspapers.

## Amid Rebellion, Rights Violations Rise in Turkey

By John Darnton  
*New York Times Service*

**ANKARA** — To the concern of Western allies and international human rights organizations, reports of rights violations in Turkey have increased markedly in recent months, along with attempts by the government to crush the Kurdish separatist insurrection in the southeast.

The number of people who have been disappearing while in the custody, the reports of torture, the killings by unknown assailants that appear to be political, and arrests and convictions of writers, intellectuals and politicians under a law against separatist propaganda are all on the rise, Turkish human rights groups say.

"The main reason is the war in the southeast," said Yavuz Onen, 56, an architect who is president of the Human Rights Foundation, a Turkish group that was set up in 1989 to aid victims and document abuses.

"The state uses the argument that they are in a struggle with terrorists and that they are defending the indivisibility of the territory," he said. "Of course the state can defend its borders. But most of the violations are against civilians. Torture is now widespread and systematic, not only for political crime but for common crime as well."

Prime Minister Tansu Ciller, in an interview, denied that there had been widespread violations.

But attempts to eradicate the party, whose leader, Abdullah Ocalan, is based in Syria, have taken even more civilian lives. Western diplomats stationed in Turkey say security forces have been granted a free hand by Mrs. Ciller's government to deal with the insurrection.

The security forces have turned to brutal methods, especially in the 10 southeastern provinces that have been under a state of emergency since 1987 because of the insurrection.

They scoffed at the idea that torture would ever be eliminated from Turkey.

"Not by this regime," Mr. Kanbur said. "Torture is universal here."

The war against the Kurds, who constitute about one-fifth of Turkey's 60 million people, has been going on for a decade. The Kurds were originally concentrated in the southeast, but many are now scattered all over the country. The fighting has claimed an estimated 14,000 lives.

The Kurdish Workers' Party has used terrorism in its fight for an independent homeland. The party is believed to have killed over 200 civilians in 1993, and it took responsibility for at least 167 deaths in the first 10 months of 1994.

But attempts to eradicate the party, whose leader, Abdullah Ocalan, is based in Syria, have taken even more civilian lives. Western diplomats stationed in Turkey say security forces have been granted a free hand by Mrs. Ciller's government to deal with the insurrection.

A report by the U.S. State Department, Amnesty International, the United Nations Committee Against Torture and the European Committee for the Prevention of Torture all have condemned Turkey for human rights violations.

Reports by the U.S. State Department, Amnesty International, the United Nations Committee Against Torture and the European Committee for the Prevention of Torture all have condemned Turkey for human rights violations.

A report by Amnesty International, "A Policy of Denial," said at least 50 "disappearances" in custody were reported in the first 10 months of 1994, nearly double the number in 1993. It added that the number of people shot and killed in the street by unknown gunmen had soared from more than 20 in 1991 to 362 in 1992, more than 400 in 1993 and 380 for the first 10 months of 1994.

Visitors to the southeastern region say four or five people a day are now being killed on the streets. They include journalists investigating human rights violations and members of trade unions and political parties, including the People's Democracy Party, which has a largely Kurdish membership, and isathematized to the government.

Other EU states hope the agreement, which has rewarded compromise by both sides, will encourage more concessions over the island's status before membership talks begin.

Only Ankara recognizes the Turkish Cypriot government; no accession talks would take place with the Greek Cypriot government in Nicosia.

## Balladur Gets Boost As Barre Bows Out

By Joseph Fitchett  
*International Herald Tribune*

**PARIS** — With the French presidential race tightening, former Prime Minister Raymond Barre announced Monday that he would not run because his candidacy would only confuse the current political landscape.

It was the first good news in weeks for the flagging campaign of Prime Minister Edouard Balladur because a candidacy by Mr. Barre would have targeted the small center-right parties that are Mr. Balladur's core supporters.

Even a temporary loss of these centrists to Mr. Barre might have been fatal to the Balladur campaign, which has sought to emphasize the prime minister's ability to reach out widely to all the nation's conservatives.

Mr. Balladur depends increasingly on these voters as he tries to stem a challenge by Jacques Chirac, the favorite of Gaullist voters and now a front-runner in the polls after ousting Mr. Balladur's early lead.

Mr. Barre, 70, found no political space for a genuine campaign because the political battle has become so intense between Mr. Balladur and Mr. Chirac.

Both men are conservatives, and both have worked in Gaullist governments going back to the 1960s under President Georges Pompidou.

The rising tensions between these two leaders was apparently what Mr. Barre had in mind Monday in saying that he did not wish "to complicate a complex and confused political situation."

Mr. Balladur, as prime minister, has captured the loyalty of most leading figures in the cen-

trist movement that used to support Mr. Barre.

Mr. Barre, known for his strong personal independence, commitment to European integration and free-market economics, commanded as much as 8 percent of the French vote, according to recent polls.

Most of those people will presumably switch to Mr. Balladur, even though Mr. Barre has not said which candidate he will support.

His withdrawal may not stop a bid by former President Valéry Giscard d'Estaing.

He enjoys less public support than Mr. Barre, but could run a temporary campaign to air his ideas.

Although a majority of voters remain undecided about their vote in the May election, Mr. Balladur's initial lead has melted into an election year in 1996.

Deputy Foreign Minister Yossi Beilin called in U.S. media correspondents to spell out a now-or-never warning before a Middle East peace mission this week by Secretary of State Warren Christopher.

"This is supposed to be a difficult visit," an Israeli official told other foreign reporters. "As Yossi Beilin has just mentioned,

the latest reversal was a poll released Monday that showed French business leaders — once considered a Balladur bastion — saying they preferred Mr. Chirac for president.

Rivalry between the two candidates from the conservative camp has become bitter, with Mr. Balladur now involved in public recriminations with Foreign Minister Alain Juppé, a Chirac supporter.

The Foreign Ministry, targeted for a big share of last-minute budget cuts announced last month by Mr. Balladur, let it be known that it would have to close several embassies — a blow to overseas French.

Mr. Balladur angrily retorted that no such closures were planned.

But the incident was fresh evidence of the difficulties faced by Mr. Balladur in trying to run as a candidate while trying to run a government to attract them back. As bond prices fell, the yield on the benchmark

30-year Treasury bond rose to 7.62 percent, its highest level in six weeks, before sliding back to end the day at 7.58 percent.

The weak dollar pulled down bond prices, with traders fearing, first, that foreigners would shy away from dollar bonds and, second, that the U.S. Federal Reserve Board would ultimately raise interest rates to attract them back. As bond prices fell, the yield on the benchmark

speech and say the wrong thing? Every attempt to strengthen the dollar ends up weakening it. The point is, the fundamentals have turned bearish on the dollar, and the Fed has never placed significant weight on it in making policy."

"Do what?" said Lawrence Meyer, a St. Louis economic consultant with ties to the Clinton administration. "Make a

territorial compromise with Syria."

"If both sides really want a breakthrough, it's now or never" because of the elections, not only in Israel but also in the United States, said the official, who spoke on the condition he not be named.

Peace talks are deadlocked over the strategic heights, captured by Israel during the 1967 Middle East War.

Syria has demanded that Israel pledge a full pullout. Israeli leaders want Damascus to agree to establish normal relations with Israel before discussing the scope of the withdrawal.

Mr. Netanyahu rejects any

influence behind closed doors, the summer of '95 is something of a deadline in the negotiations with Syria.

"So if nothing is achieved by then, probably nothing will be achieved in the next few years," the official said. "It is a very important visit simply because there is no more time."

Public opinion polls show that Prime Minister Yitzhak Rabin, who has offered to trade at least part of the Golan Heights for peace with Syria, has been going on for a decade. The Kurds were originally concentrated in the southeast, but many are now scattered all over the country. The fighting has claimed an estimated 14,000 lives.

The war against the Kurds, who constitute about one-fifth of Turkey's 60 million people, has been going on for a decade. The Kurds were originally concentrated in the southeast, but many are now scattered all over the country. The fighting has claimed an estimated 14,000 lives.

The emergency grants quasi-martial law powers to a regional governor and suspends the few modest constitutional safeguards in effect elsewhere. A suspect, for instance, can be held for 30 days without access to relatives or a lawyer.

Army and paramilitary groups sweep through whole areas of the southeast, destroying villages that they suspect of aiding the Kurdish party and turning many of them to the ground. The province of Tunceli has been a battleground

## POSITIVE POWER TO THE GLOBAL COMMUNITY



CAPE TOWN HOPES — Children celebrating the opening Monday of an international conference of AIDS sufferers organized by the UN Program on AIDS. It aims to involve people with AIDS in preventive planning.

## EU Link To Turkey Is Final

Greece Ends Veto For Cyprus Talks

Readers

BRUSSELS — The European Union agreed Monday to a historic trade agreement with Turkey, after more than 20 years of negotiations, Britain's foreign secretary said.

The official, Douglas Hurd, said the agreement was of immense importance to the European Union.

"We need a special relationship with Turkey," he said. "The centerpiece of this is the customs union."

The agreement to set up the customs union with Turkey, which is to take effect Jan. 1, was made possible after Greece was persuaded to drop its veto of the accord.

In doing so, Athens received a promise that accession talks for the divided island of Cyprus would begin six months after the close of an open-ended review of EU treaties, which starts next year.

The accord with Turkey will open up trade in a wide range of goods and services; unblock nearly \$1 billion in aid and loans to Turkey, and take the country a step closer to joining the European Union.

It is also a key plank in the Union's plans to strengthen security along its southern flank, a goal it shares with the North Atlantic Treaty Organization, which sees the conflict in the former Yugoslavia and instability around the Mediterranean as among its foremost challenges.

Foreign Minister Jacques Poos of Luxembourg said the Union was on the verge of an "historic and strategic" decision, but added that the European Parliament could hold up ratification if there was no improvement in Turkey's human rights record.

Regional rivals in the southern flank, Greece and Turkey, have failed to end a bitter dispute over Cyprus, which was carved into Greek and Turkish Cypriot sectors since a 1974 Turkish invasion of the eastern Mediterranean island.

Other EU states hope the agreement, which has rewarded compromise by both sides, will encourage more concessions over the island's status before membership talks begin.

Only Ankara recognizes the Turkish Cypriot government; no accession talks would take place with the Greek Cypriot government in Nicosia.

## BANK: Barings Fallout

Continued from Page 1

million, spread among the 15 banks, according to the Nikkei Keizai Shimbun, Japan's leading economic daily.

"I think it's a tiny number," said Goro Kurokawa, an analyst at Nomura Research Institute.

Japanese banks already are mired in a mountain of losses stemming from real estate loans that went bad after recession hit Japan several years ago. The exposure to Barings represents only a fraction of some \$45 billion to \$50 billion in write-offs expected this fiscal year, according to Mr. Kumagai.

Japanese banks are reluctant to comment on loans to individual customers.

According to the Nikkei Keizai Shimbun, Sakura Bank had \$112 million out in loans to Barings, while Yasuda Trust & Banking had \$107 million outstanding and Sanwa Bank's exposure was \$91 million.

## PESETA: Evaluations Fail to Stem European Exchange-Rate Turmoil

Continued from Page 1

political or economic hopes of an early return. The lira plunged almost 3 percent Monday, to 1,183 to the mark, undermined by doubts that Rome can pass an austerity budget.

The devaluations also served to widen the gap between a German-hard core of supporters and Europe's other fans of a single currency.

Exchange rates have been fundamentally destabilized by the flow of funds out of the dollar and into the mark.

Europe's single-currency program was supposed to foster convergence around low deficits, inflation and interest rates, but the devaluations "illustrate the fact that the core and the peripheral countries are becoming more separated," said Graham Bishop, an economist at Salomon Brothers in London.

The fourth devaluation for the peseta and the third for the escudo since rampant currency speculation first erupted in Europe in September 1992. As the Maastricht treaty requires currencies to trade within normal ranges for two years prior to monetary union, Spain and Portugal are effectively ruled out of any union that might take place in 1997, the earliest proposed date.

The British pound and the Italian lira, ejected spectacularly from the exchange-rate grid in 1992, remain outside with no

common aggressor." The Spanish vice president, Espana Ganic, said, "We have to unite our military and peaceful efforts to reach a balance in the region, to prevent the aggressor from further attacks."

The United States has taken an active role in shoring up a Muslim-Croatian federation that ended fighting between those two groups last year. With the development Monday, and with support from the Croatian government, the federation could have stronger position on the battlefield and, eventually, at the negotiating table, against the Serbs, who hold 70 percent of Bosnia.

Bosnian Serbs, meanwhile, have warned the United Nations that they will demand a UN withdrawal from government enclaves, including Sarajevo, if peacekeepers are ejected from Bosnia.

The past was a warning, and many used it politically and militarily," said General Janko Bobetko, head of Croatian forces, in an allusion to the bitterness between Croats and Muslims that led to the fighting and continues to this day.

It was not immediately clear where the new headquarters would be located, but with General Bobetko heading it, Zagreb was a likely possibility.

The timing of the military

EU  
To Turn  
Is Final  
Grace  
For Europe

## Yeltsin, Dismissing 2 Officials, Pledges Crackdown on Gangs

By Steven Erlanger  
New York Times Service

MOSCOW — Russia's powerful Security Council, with President Boris N. Yeltsin in the chair Monday, sharply criticized the Interior Ministry, prosecutors and the domestic secret police for failing to get a grip on organized crime.

Mr. Yeltsin then followed through on a promise last week to dismiss Moscow's police chief, Vladimir Pankratov, and chief prosecutor, Gennadi Ponomaryov.

They were convenient scapegoats for the gangland-style murder last week of a television executive and well-known personality, Vladislav Listev, who was widely mourned in an outburst of public grief and shock.

On Thursday, Mr. Yeltsin went personally to the Ostan-

kino television center, where Mr. Listev worked, to promise a tough crackdown on crime — and not for the first time.

Perceiving that the nation was sick of the hundi and blatant recklessness of the gangsters, Mr. Yeltsin and his government promised again Monday that something would be done and criticized their underlings.

A press statement Monday night said the Security Council had come up with a series of proposals, but there were no specifics.

The new talk of a harsh crackdown, and Mr. Yeltsin's recent praise of Uzbekistan's methods — widely condemned by human-rights organizations as authoritarian — have also worried liberal democrats here concerned about a political shift to the right.

They fear that a politically weak Mr. Yeltsin will try to

## EU Delays Trade Accord Over Abuses in Chechnya

BRUSSELS — The European Union, in the toughest Western response yet to the bloodshed in Chechnya, agreed Monday to postpone indefinitely the signing of a trade accord with Russia.

EU foreign ministers instructed the French foreign minister, Alain Juppé, to tell the Russian leadership during a visit later this week that they needed clear signals on respect for human rights before going ahead with the pact.

"Chechnya is a cloud over relations, a blot on the landscape," said an EU diplomat. "This is our message."

There was no immediate response from Russia. But the Kremlin has reacted stiffly to previous suggestions in the West that trade or aid might be used as leverage, saying Chechnya was a purely domestic matter.

Mr. Juppé represents the holder of the European Union's rotating presidency. He is due to lead a delegation made up of

past, present and future EU presidents to Moscow on Thursday.

It had been expected that he would present the trade pact to President Boris N. Yeltsin for final acceptance. Now, diplomats said Mr. Juppé would demand assurances that basic human rights were no longer being violated in the rebel region.

"What we agreed was that the troika would go to Moscow and make clear that there would have to be a clear improvement on the ground before signature can go ahead," a diplomat said.

Negotiations on an interim trade deal, intended as a stopgap measure until a wider EU-Russian accord is reached, were finalized in December just as Chechnya cast a pall on Russia's relations with the West.

Diplomats said the EU governments, anxious to respond to the outrage over the killing of thousands of civilians in Chechnya, wanted a guarantee that humanitarian organizations would be allowed access to the region.

## U.S. Gives NATO Chief Its Vote of Confidence

WASHINGTON — The United States, worried about the effects of the corruption scandal swirling around the NATO secretary-general, Willy Claes, reaffirmed its confidence in him on Monday as he arrived for talks with U.S. officials.

"We have full confidence in him as secretary-general," a State Department spokeswoman, Christine Shelly, said, echoing recent comments made by Vice President Al Gore.

Mr. Claes, who has had to retract statements that he knew nothing about a bribery scheme when he was Belgium's economics minister, met Monday with Secretary of State Warren M. Christopher.

He is also scheduled to see Defense Secretary William J. Perry and will meet President Bill Clinton on Tuesday as part of what U.S. officials say are routine consultations in Washington.

Ms. Shelly said Mr. Claes would be discussing NATO's plans for expansion to include former Warsaw Pact members, the Western alliance's prickly relations with Russia, and the crisis in the former Yugoslavia.

She said the corruption scandal was "something that is being pursued in the Belgian context, and we feel it would be inappropriate for us to comment on that."

■ New Support in Belgium  
Tom Buergel of the International Herald Tribune reported from Brussels:

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Herald Tribune  
THE WORLD'S DAILY NEWSPAPER

## EUROPE

### BRIEFLY EUROPE

#### EU Can Begin Talks On Accepting Slovenia

BRUSSELS — The European Union cleared the way Monday for negotiations to begin on an association accord with Slovenia after Italy lifted its veto, Foreign Minister Klaus Kinkel of Germany said.

The move means the European Commission can begin talks with the former Yugoslav republic that would eventually give it the same status with the EU as countries such as Poland and Hungary, including the prospect of eventual EU membership.

Until now, a pact had been held up by a dispute between Italy and Slovenia over ownership of properties on the Istrian peninsula, a region divided between Slovenia and Croatia and which was under Rome's control before World War II. Italy lifted its objections to the accord, the German foreign minister said.

(Reuters)

The grant is part of the EU's PHARE assistance program for reforms in ex-communist East European countries and will finance the development of Romanian secondary education.

(Reuters)

#### Canadian Fishing Ban Is Called Unacceptable

BRUSSELS — The European Commission said Monday that a Canadian ban on fishing for Greenland halibut in international waters off Canada's east coast was unacceptable.

Canada said it would take action after the EU rejected its share of a 27,000-ton

1995 quota fixed by the Northwest Atlantic Fisheries Organization to save stocks of one of the last commercially viable species in the region.

The EU has rejected an allocation of 12.6 percent of the 1995 Greenland halibut quota and has instead set its own limit of 69 percent. It says this is closer to its share of more than 80 percent of the total catch of around 45,000 tons in 1993.

The EU says that its acceptance of the 27,000-ton global 1995 quota was a major sacrifice for EU fishermen and that the sharing out of the catch did not respect historic catches and broke a tradition of seeking consensus.

(Reuters)

### Calendar

European Union events scheduled for Tuesday, March 7:

BRUSSELS: European Commission reports on money laundering.

BRUSSELS: The European commissioner on consumer policy, Emma Bonino, addresses a European seminar on public services.

BRUSSELS: Monika Wulf-Mathies, the European commissioner for responsible regional affairs, meets with Economy Minister Pedro Solbes and Transport Minister José Borrell of Spain.

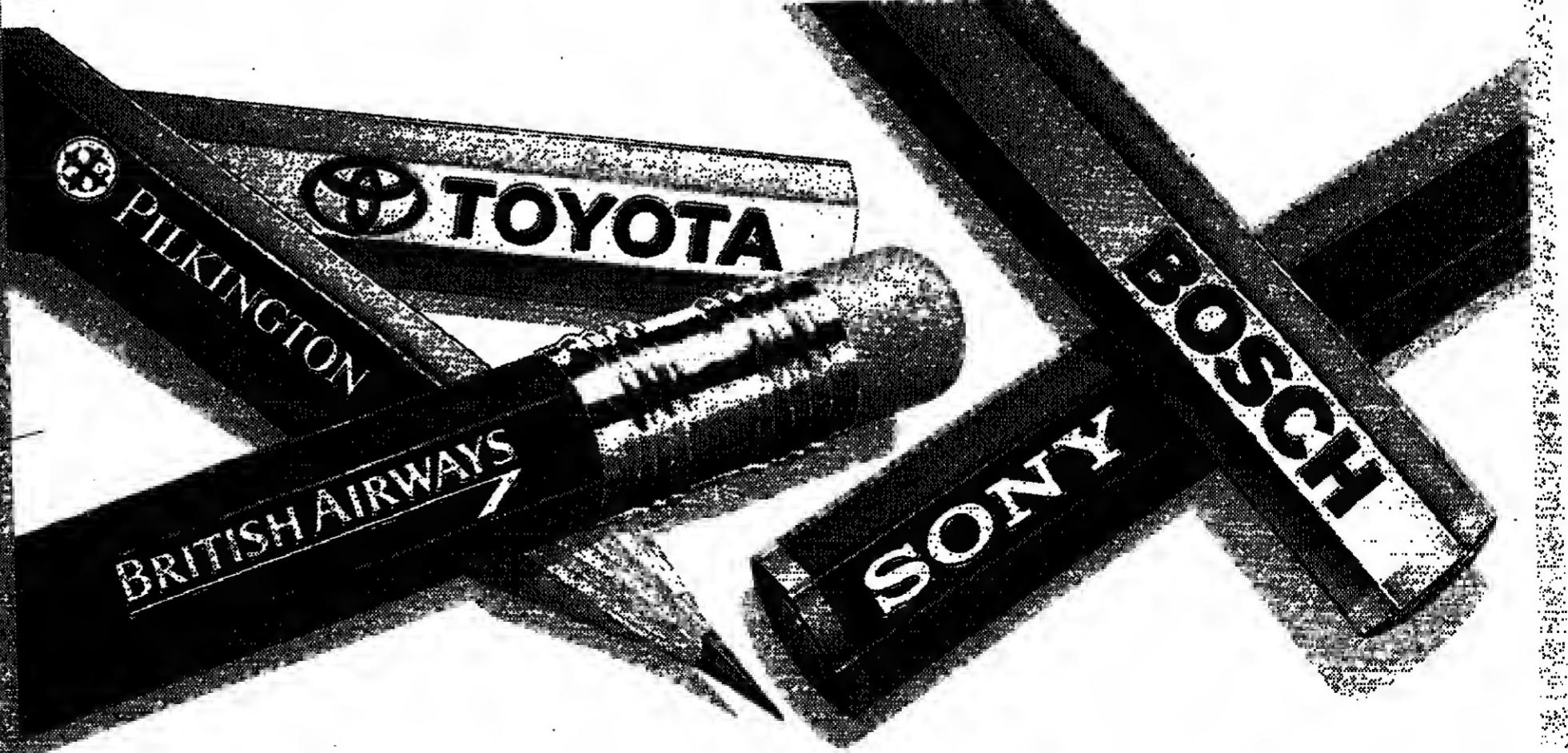
FRANKFURT: The Council of European Monetary Institute meets. It will be attended by Yves-Thibault de Silguy, the European commissioner for finance.

BARCELONA: The Party of European Socialists organizes roundtable discussions of European policy on Mediterranean countries, on the intergovernmental conference and on the role of women.

BRUSSELS: The European Roundtable of Industrialists holds a conference on "Education for Europe — toward the learning society," with the participation of Etienne Davignon, president of Société Générale de Belgique as well as president of the Association for the Monetary Union of Europe.

Sources: Agence Europe, AFP.

SO MANY COMPANIES  
FIND WALES  
HAS SUCCESS  
WRITTEN  
ALL OVER IT.



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## EDITORIALS/OPIION

INTERNATIONAL Herald Tribune  
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Negotiation for Algeria

In Algeria, Islamic terrorists assassinate feminists, journalists and secular intellectuals in the streets. Their goal, which they have a realistic chance of achieving, is to topple an equally brutal military government that three years ago cheated an Islamic political party of victory at the polls. That power grab, shamefully endorsed at the time by European governments that feared Islamic fundamentalism more than they cherished democracy, cannot now simply be undone.

Hard-line military elements have grown stronger on both sides of a conflict that has so far killed more than 40,000 people. With the struggle now apparently headed toward a bloody denouement, those same European countries fear that a hostile regime could soon come to power with hundreds of thousands of refugees crossing the Mediterranean.

There is still a chance to avert the worst. Recently a broad coalition of opposition groups offered a platform for peaceful settlement based on an amnesty, a South Africa-style national conference and free elections. Regrettably, the government rejected the offer.

The Clinton administration, which has long advocated a negotiated solution, and the European Union, which has recently come around to the same view, need to press the government to reconsider. One way is to stop rolling over the debits of the Algerian government.

Negotiations cannot conjure away the underlying issues. Even a peaceful transition could lead to an intolerant religious dictatorship. Nevertheless, a negotiated settlement offers the only realistic hope for ending the violence and agreeing on

some safeguards for individual liberties.

Some alarmed Americans see the Algerian crisis as part of a larger problem. The mullahs who rule Iran, they note, still preach and plot against the Great Satan America and sponsor worldwide terrorism. Islamic Holy War and Hamas dispatch bombers into Israel from Gaza, the West Bank and Lebanon. Violent followers of Sheikh Omar Abdel Rahman wage war against Egyptian President Hosni Mubarak. In Afghanistan, a new Islamic student movement challenges the mujahidin guerrillas who evicted Soviet troops. But it would serve no American interest to declare war on Islam, with its hundreds of millions of peaceful believers. Nor is the mixture of Islam and politics necessarily contrary to American interests. Islamic political movements, even fundamentalist ones, can have different agendas and need to be dealt with on their own terms.

The Saudi monarchy, itself founded on fundamentalist principles, has long been allied with Washington, and during the Soviet occupation of Afghanistan the United States spent \$10 billion supporting fundamentalist guerrillas. The real problem comes from a peculiar fusion of faith and demagoguery that casts America as the source of all problems.

The Clinton administration has sensibly taken a nuanced approach to Islamic movements, stressing containment in Iran, support for secular leaders in Egypt and Gaza and a hands-off approach in Afghanistan. In Algeria, to its credit, it has helped form a new Western consensus in favor of a negotiated peace.

—THE NEW YORK TIMES.

## Colombia Disappoints

Colombia presents the hardest test of an American anti-drug policy. It is a friendly country, a neighbor, an ally and a democracy. But it is also the cocaine hub of the world and contributes to more real damage to the United States and its citizens than any other country. American demand is the roaring engine of the international drug trade. But supplier and distributor countries play a part, too.

A fed-up Congress launched an experiment in 1988: to hold supplier countries to account for their anti-drug performance on pain of loss of foreign aid and development loans. As the affected Latin Americans note, no similar accountability was placed on the American side to police demand. Nonetheless, it was worth seeing whether this sort of pressure would make a difference, and especially in Colombia, which has suffered terribly from trafficking and where numbers of brave, incorruptible Colombians daily risk their lives in the war on drugs.

The latest accounting, for 1994, holds no comfort. The flow of drugs northward continues. Colombia's government, Congress and judicial system are deeply penetrated, intimidated and influenced by traffickers. The traffickers' reach is awesome. Colombia's president allegedly ran

wittingly on cartel funds. This is why Bill Clinton has now designated Colombia noncooperative in the war on drugs.

That would ordinarily trigger penalties, but he has also invoked a "national security" waiver to keep penalties from being imposed. Western Hemisphere solidarity counted, and so did the importance of American relations with Colombia. Moreover, the American aid that stands to be cut goes mostly to fighting the drug war.

There is also a political strategy working. Anticipating trouble in Washington, then-President-elect Ernesto Samper, who carries four bullets in his body from an assassination attempt, boldly gave Senator Jesse Helms a list of concrete anti-drug pledges last July. Mr. Helms's staff, checking on delivery, now finds a great gap and argues that grant of a waiver gives Colombia "a signal of legitimacy of counterdrug efforts which that nation's government does not merit." Some in Colombia are outraged by the Senate report, but its accuracy is undeniable. The U.S. State Department sees the report and its threat of a congressional crackdown as useful in prying out reform. That twisting cooperative path marks the sensible way to go.

—THE WASHINGTON POST.

## Manned Space Missions

With politicians in Washington combing through the budget looking for programs to eliminate, it is astonishing that no one has taken aim at the manned space program. The space agency is spending more than \$5 billion a year to fly its shuttles and build a space station leading nowhere.

The station makes minimal sense unless it is part of a broader plan of space exploration — a manned mission to Mars, for example, or a trip back to the moon for extended exploration or habitation. Yet the date when America will have the resources to finance such enormously costly space exploration is receding faster than you can say "balance the budget."

The crowning achievement of the manned space effort was the 1969 moon landing by American astronauts. But almost immediately the nation's leaders realized that it would be much too costly to proceed deeper into space. Instead they settled for more modest programs that would serve as preparation should another great leap need to be made. Thus a shuttle was built that does nothing but carry astronauts and cargo into low earth orbit, more erratically and at higher cost than lifting the cargo by rockets. Now the United States and several other nations are building a space station that will also be put into low earth orbit. The station at least offers the shuttles somewhere to go. But its value will be limited compared with the cost. The chief gains expected from the station are practice in assembling large structures in orbit and new biomedical knowledge on how humans are affected by long-term exposure to weightlessness and radiation. Those

are worthwhile objectives but only as a prelude to major space exploration.

To its credit, the National Aeronautics and Space Administration has been far more vigorous than most agencies in reducing planned expenditures, cutting its work force and seeking cheaper ways to do things. But making things leaner and cheaper can go only so far. The way to truly big savings out of NASA would be to eliminate the entire manned space program, including the station and the shuttle flights. If that program were terminated this summer, officials say, the net savings would be roughly \$3 billion in the next fiscal year and more than \$25 billion by fiscal year 2000. If the station alone were terminated, the savings would be more than \$14 billion by the year 2002.

Termination of manned space flight would have drawbacks. Other nations participating in the station project would feel betrayed, although many of them are also seeking ways to reduce space expenditures. Russian participants in particular might see their whole space program collapse. Finally, many Americans might be appealed to see their nation flinch from a long-term space commitment simply because of current budget pains.

But continuation of the program also has risks — chiefly that the costly manned missions might increasingly squeeze out highly productive scientific missions using unmanned spacecraft. As Congress whacks away at domestic programs, there is no good reason to exempt the space agency from sharp scrutiny. Its manned space program appears to be one of the more expendable budget items.

—THE NEW YORK TIMES.

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## Modern Turkey Is Part of Europe, and Increasingly So

By Tansu Ciller

The writer is prime minister of Turkey.

**A**NKARA — Some people claim that Turkey is not part of Europe. They are wrong on two counts.

First, they perhaps do not know the Turkey of today, recognizably a modern and European country where young people, for example, have the same lifestyle and interests, concerns and hopes as the rest of their generation across Europe.

Second, without Turkey, Europe would be a continent that chooses to amputate nearly 3,000 years of its own history and culture.

The Turks and Turkey have been a part of the life of the continent for many centuries. It is the idea that Turkey is not European which is new. A strong and prosperous Turkey, firmly integrated into the mainstream life of Europe, will be a beacon of stability over a wide region rolling with religious and ethnic antagonisms. It will give the lie to prejudice and extremism on every side.

A historic step in this direction takes place in Brussels this week, as Turkey and the European Union complete a customs union agreement that has been more than three decades in the making. Starting in January, goods and services will be able to circulate freely between Turkey and the rest of Europe. It is an exciting opportunity for both sides.

Turkey is a young country with a population of 62 million. Inside the European Union, only Germany has a larger market. The EU, with Turkey, will form a vast consumer market.

Turkey and the EU designed the cus-

toms union in the 1960s and 1970s. We have come a long way since then. In 1963, when the treaty linking Turkey to the European Economic Community was signed, Turkey was mainly an agricultur-

al country. Today we are predominantly an urban and industrial nation. Some of our industries, particularly textiles and steel, are considered world leaders.

The customs union, however, represents more than just an opportunity to compete economically. It is part of a much broader trend all over the world toward convergence and partnership.

In the closing years of 20th century, regional free trade blocs such as the European Union and the North America have appeared on every continent. They are stepping stones toward a world of almost unlimited opportunities, built on democratic values, the free market system and the miracles of new technology.

Adaptable and pragmatic regional economic groupings are the best way to

overcome historical suspicions and rivalries. They provide a framework in which business communities in every country cooperate freely to generate prosperity.

Turkey is situated on the edge of both Europe and the Middle East. So it has an almost unique combination of experience and insights where regional groupings are concerned.

We are working hard with Israel and the leading Arab states to ensure that the endemic conflict of the Middle East is replaced by cooperation and the elimination of poverty and insecurity.

Our geographic position enables us to share in similar ventures elsewhere. The Black Sea Economic Cooperation Organization is forging links between countries in the Black Sea region. At its meetings, even hostile countries such as Azerbaijan and Armenia sit around the same table to discuss ways of peaceful cooperation. Elsewhere, we are trying to promote trade and cooperation in the Caucasus and among the newly independent countries of Central Asia.

There are two reasons we stress trade and cooperation this way.

The first is economic. As a newly industrialized country, we know that faster growth and greater prosperity can come only if we stimulate international trade and capital flows. This is the only way to ensure that all of our citizens enjoy the standard of living to which they aspire.

The second is geopolitical. Unfortunately, one does not have to look far outside Western Europe to see serious

threats to international order. Turkey is a democratic and stable country, but, unlike North Americans or West Europeans, we live close to several of the world's trouble spots.

Ancient hatreds, ethnic grudges and fanaticism based on differences of religion and nationality still stalk the world. They are claiming millions of innocent victims even today. Bosnia has shown us how much suffering can be caused by nationalism based on religious and ethnic strife.

Some trends in the Middle East cause anxiety. One is the spread of extremist fundamentalism. Here I strongly believe that Turkey has an important contribution to make. Its population is Muslim and devout, but also European and overwhelmingly moderate. A cardinal principle of the Turkish republic has been that religion and politics must be firmly separated. Turkey's secularism is simply the liberty of conscience that people in advanced, democratic countries take for granted.

Laying prejudices and fear to rest takes time and effort. Building prosperity is also something that is not accomplished in a single day. Setting up a customs union between Turkey and the European Union presents tough challenges to all involved. But it is an important new doorway being opened to a better and more secure world. The benefits will be felt not just in Europe and Turkey but far beyond.

New Perspectives Quarterly.

## A Japanese Consensus on the Pacific War Still Doesn't Look Close

By Roger Buckley

**T**OKYO — Confronting its past record in the Pacific war is getting harder for Japan as the 50th anniversary of its defeat in August 1945 approaches.

The difficulties that Tomiochi Murayama, the Social Democratic prime minister, faces in pressing his conservative coalition partners to agree to an unprecedented parliamentary resolution apologizing for Japanese wartime behavior illustrates graphically the divisions that run deep within the nation.

Mr. Murayama's attempt to produce a joint document to explain why his generation went to war and what it did in the Asia-Pacific region is likely to fail. It is proving too hard to paper over the enormous gulf between the left and those nationalists who prefer to look at what happened to their country rather than at what it did to its neighbors and the West.

Splits in the Diet reflect the lack of consensus in a nation that

usually takes pride in presenting a united front to the outside world. No amount of camouflage can reconcile the opposing visions of the most important years in Japan's modern history.

Influential right-wing forces are adamant that there is no need to apologize for the sneak attack on the United States at Pearl Harbor or for Japan's colonization of Southeast Asia once it had evicted the Europeans and Americans.

The rightists' insistence that the region was "liberated" by Japanese forces ignores the reigns of terror in the Philippines, Singapore and Malaysia that the new rulers imposed on those who opposed resistance.

There are three explanations for the bizarre versions of history firmly held by many Japanese.

Strong domestic political groups with nationalist views have close connections to the

so-called comfort women. Women from Korea, the Philippines, Taiwan, Malaya and Indonesia were press-ganged into prostitution in Japanese military brothels. Legislativ arguments by successive governments in Tokyo that the issue was settled under the peace treaty signed at San Francisco in 1951 and the Japan-South Korea pact of 1965 remain unconvincing.

The claim that Tokyo has already fulfilled its obligations to victims of its wartime barbarism has also been used to block a campaign for compensation by surviving allied prisoners of war for their sufferings in Japanese camps in Southeast Asia.

The third reason for contemporary Japan's selective amnesia about the Pacific war is the most disturbing for the country's future international role and the health of its democracy.

One group seeking reparations

are bureaucratic establishments which leaves young Japanese often uninformed about the war years.

Despite repeated promises of education reform, many Japanese university students are taught little about why their grandparents went to war and the havoc they wreaked in Asia. In place of this knowledge, most students leave college with an exaggerated enthusiasm for peace studies and the idealistic hope that Japan's postwar good behavior can serve as a model for a cooperative, non-violent international society.

The bickering in the coalition government is certain to continue. At the present rate of progress, it could be another 50 years before Japanese society reaches a consensus on the history of the Pacific war.

The writer, a professor of history at the International Christian University in Tokyo, contributed this comment to The Herald Tribune.

## A Nuclear Double Standard Endangers the Nonproliferation Treaty

By Susan Eisenhower

**W**ASHINGTON — On the way to pressuring Russia into withdrawing from its agreement to provide Iran with nuclear reactor technology, the United States may well have ensured itself a rough ride in securing the permanent extension of the Nuclear Nonproliferation Treaty.

Although the Clinton administration has designated the passage of a permanent, unconditional nonproliferation treaty as a priority, it will have to overcome mounting criticism among those undecided countries which say that the nuclear regime has benefited only the Western industrialized nations and their allies, creating an unfair and counterproductive double standard.

Such complaints will be difficult to refute when 172 nations meet next month in New York to decide on the future of the treaty.

part of the major nuclear powers to meet the disarmament objectives outlined in the 1970 pact.

More recently, criticism has been focused on the other provision outlined in the treaty, which cautions those who agreed to abstain from developing nuclear weapons access to peaceful nuclear power technology.

Iran, as a sovereign nation and a treaty signatory, has a legal right to acquire a nuclear reactor if it agrees to International Atomic Energy Agency inspections and other safeguards, which it has apparently done.

Inflatable U.S. opposition to this action not only compromises Washington's ability to influence the terms of the Russian-Iranian deal, it could reduce Iran's, or any other country's, incentive to work within international structures for nuclear cooperation.

With respect to Russia's contract to provide "peaceful" nuclear power technology to Iran, the Clinton administration deserves credit for decoupling the volatile issue from U.S. aid to Russia — especially Nunn-Lugar funds for disarmament.

But Warren Christopher's reiterated stance that the United States opposes "any nuclear cooperation with Iran by Russia or other countries" underscores the double-standard reality, further threatening the prospects for a permanent unconditional pact.

This underlying lack of access to higher education created an acute shortage of qualified Albanian teachers. Since independence, the most influential Albanian party has pushed the coalition government to establish a teacher-training college for Albanian philosophy.

This underlying lack of access to higher education created an acute shortage of qualified Albanian teachers. Since independence, the most influential Albanian party has pushed the coalition government to establish a teacher-training college for Albanian philosophy.

But Macedonian Slavs say the Albanians are simply trying to establish political autonomy as a first step toward secession and linkage with Albania.

Last year a group of Albanians announced their own assembly in Tetovo, Macedonia would be in for serious trouble. This is what happened in Kruja, the Serbian rebels' capital in Croatia, and in Pale, the Bosnian Serb stronghold in Bosnia.

Macedonia, the only republic of the former Yugoslavia to become independent peacefully, will be able to survive only if it can win the goodwill of its Albanian minority. Otherwise it is bound to go the same way as Bosnia. If that happens, the Macedonian Slavs will lose their state and their national identity.

INTERNATIONAL HERALD TRIBUNE, TUESDAY, MARCH 7, 1995

## EDITORIALS/OPINION

**The Debate Is About How, Not Whether, to Intervene**

By William Safire

**WASHINGTON** — "The new isolationists," Bill Clinton told the foreign policy audience at the Nixon Center for Peace and Freedom last week, "would have us face the future alone."

That was an apt theme. I recall writing a speech to the Air Force Academy a quarter-century ago that

**Gingrich's rule:** 'We don't come unless we're really pushed, and if we're really pushed we're unstoppable.'

ing a pop at the same straw man: "It would be easy," Richard Nixon told the graduating cadets, "easy for a president of the United States to buy some popularity by going along with the new isolationists."

President Clinton's menu was serious, his remarks substantive. The speech writer, Robert Boorstin, can take pride in his meat-and-potatoes product and his boss's subtle, almost Nixonian tone in delivery of conciliatory confrontation.

But the essential conflict taking place in U.S. foreign policy today — laid out clearly in a half dozen remarkable speeches at the same Washington forum — is not between isolationists (new or old) and interventionists (who prefer to be called internationalists). Global heavy thinkers are not arguing about withdrawing from America's duty to help keep the world in order. The real battle is about the way to go about it.

One school says America should pick its spots and assert its leadership, inspiring and pressuring and expecting allies to follow. These unilateralists, as the foreign policy elite likes to call them, are opposed by multilateralists, who believe the United States should act mainly in concert with international organizations like the United Nations and NATO.

Mr. Clinton is an unabashed multilateralist. "The new isolationists both on the left and the right," he charged, would "eliminate any meaningful role for the United Nations" and "deny resources to our peacekeepers."

The opposite, unilateralist policy was expressed by Mr. Nixon long ago to the cadets: "I say that America has a vital national interest in world stability, and no other nation can uphold that interest for us."

Senator Bob Dole gave multilateralism the back of his hand by

declaring that "the UN veto on behalf of aggressors" in Bosnia "should not be excused, ignored or minimized," because inaction encourages "other radical ethno-nationalists by giving them the green light for ethnic cleansing."

Newt Gingrich, spellbindingly stressing the need for new visions and strategies, offered none. Although the speaker of the House talked of America as a hegemon — "we have an active duty to routinely be the leader" — he copped out on Bosnia.

Accepting the European argument that no U.S. troops on the ground means no U.S. influence on Balkan policy, Mr. Gingrich derided a situation in which "they take the investment of their people day to day trying to manage the process while we lean on their shoulder and tell them they're doing it wrong." He said this "strains NATO and makes us all look dumb."

Does that criticism of Mr. Clinton's critics make the speaker a closet Clintonite? Although it was hard to tell from his amazingly abstract speech, Mr. Gingrich's Weltanschauung-in-information leans toward reluctant unilateralism: "We have to have the Roman rule that we don't come unless we're really pushed, and if we're really pushed we're unstoppable."

Henry Kissinger had no such ambivalence. The multilateral view "which now claims to be internationalist, really started out as isolationist. It considered the American role in the Cold War presumptuous, excessive and some even thought it as potentially evil."

Taking on the president respectfully but directly, Mr. Kissinger illuminated the congressional backlash against the United Nations: "In the end America cannot derive its motivation from an international consensus. It has to develop its specific purposes and then try to shape an international consensus."

Add to this thoughtful free-for-all, happily begun in the Nixon think tank, the divergent views of Senators Phil Gramm and Richard Lugar and you get the beginning of the Great Debate on the way America should lead or follow the world. Senator Jesse Helms, chairman of the Foreign Relations Committee, assures me that this controversy will be aired in full before his newly activist panel.

Shall I now declare my own hawkish unilateralism, laced with populist prudence? That, as an old mentor used to say, would be the easy way.

*The New York Times*



## LETTERS TO THE EDITOR

## Dresden: Looking Back

Regarding "It's 1995 and Not 1945, but Still Not Time to Shed Tears for Dresden" (Opinion, Feb. 27) by Charles Fenyvesi:

I can only ask: If not now, when? It is clear, looking back, that by February 1945 Germany was a defeated land. Still, bombing missions planned well in advance were carried out because no one had the moral courage to call them off.

Mr. Fenyvesi makes one point very clear, though indirectly. Generals and politicians make plans and give orders, soldiers carry them out (they should not have to apologize), but in the end, as in all wars, it is the civilians — the elderly, women, children and the infirm — who are victimized. For whatever reason, Mr. Fenyvesi seems unable or unwilling to see this in the light of Dresden.

GERALD BOWMAN  
Munich.

Mr. Fenyvesi is guilty of perpetuating the myth of Allied innocence in World War II, inaccurately adopting political realism in his assessment of the Dresden bombing. He almost seems to argue that any German killed by Allied bombs deserved to die merely for having been German — regardless of the circumstances.

It is an undisputed historical fact that the Allied command either lied or made an error: Dresden was not militarily significant to the Allied war effort. Mr. Fenyvesi should realize that this is not a question of scale;

admitting Allied guilt in this case makes the Nazis no less culpable.

R. H. WEGNER  
Phoenix.

## Both Words and Thoughts

Regarding "Too Mean in Japan? Try English" (Feb. 22) by Nicholas D. Kristof:

The reason the Japanese import so many English words, other than the preference for exotic sounds and a desire to avoid more direct Japanese words, is that the Japanese are importing many thoughts from the West. Consider the newly introduced word *sekushura*, or sexual harassment. The problem of sexual harassment is not new to Japanese society, of course. But it was not until Americans gave the phrase "sexual harassment" worldwide currency that the Japanese began taking a hard look at the issue. We had no simple word expressing the idea that it was a bad thing for bosses to force sexual relationships on female employees.

Foreigners borrow our words, too, of course. Consider *karaoke*.

MASATO TAKEUCHI  
Akita, Japan.

The Germans are also adept at assimilating English words and creating new ones. Germany's Federal Railways offer *Twen fares* for under-26-year-olds. And a German male may wear a *Pullunder*, or sleeveless sweater.

KENNETH ATTWOOD  
Hamburg.

## Gingrich: A House Divider

It is not so much Newt Gingrich's policies and proposals, such as creating orphanages for children of unwed mothers, that disturb me. What is worrying is his calm condemnation of anything not resembling himself and his class.

His "conservative opportunity society" is, one assumes, rewarding to him and his like. Fine. But what about those of us who are neither conservative nor opportunistic?

I do not wish to attack the job Mr. Gingrich is doing; I only wish that he would realize that as speaker of the House he represents all the people.

O. AZAR.  
Paris.

## Take to the Field, Please

I have been away from the United States for 14 years, but I have watched from afar. Some of what I have seen has filled me with pride, some has caused shame. Of all that I diligently show my son, the most difficult thing to communicate is what it means to be an American. America is changing, and it tries.

We are gracious, or so I once understood. We are righteous, respectful of fair play and pure achievement, students of history and trivia at the same time. For my son the proofs of all this will come differently. But for me, please, I beg of you: Give me back baseball, my national game.

STEPHEN T. JACOBS.  
Jakarta.

**The Work-Family Collision: Head-On With No Air Bag**

By Ellen Goodman

BOSTON — Now at last we know the precise mathematical point between a rock and a hard place. It is Marcia Clark's life.

She is the prosecutor in a case so high-pressure and so celebrated that it is headline news if she drops a verb or rips a stocking.

She is a single mother competing with the big boys. When she tried to get home on time one night, the defense attorney Johnnie Cochran called her child care worries a ploy.

And she is an ex-wife whose ex-husband is suing for custody of their two boys on the ground that he can be home at 6:15. This is what he tells the world: "I have personal knowl-

## MEANWHILE

edge that on most nights she does not arrive home until 10 P.M., and even when she is home, she is working."

You want a single mother's nightmare? You want a professional mother's post-modern bind? I give the world: "I have personal knowl-

## MEANWHILE

edge that on most nights she does not arrive home until 10 P.M., and even when she is home, she is working."

You want a single mother's nightmare? You want a professional mother's post-modern bind? I give the world: "I have personal knowl-

edges are won by fathers. These days fathers who are sued for money often sue for the kids in a mutually assured destruction tactic of post-marital warfare. These days it seems that many judges have a new double measuring stick. Mothers who do less caregiving than the judge's mother did are seen as neglectful. Fathers who do more are seen as heroic.

If there is anything a woman wants, it is a partner in the business of raising kids. Fathers who do their full share, who are the primary parents, the stay-at-home dads, deserve equal treatment if the marriage breaks up. It is part of the deal.

But what about the other deal? What are we saying to a single mother who works two jobs to make ends meet? To a divorced woman expected to be both breadwinner and nurturer? To the mother who has to choose between a high-octane job and a low wage?

The message is: watch out. Time may be the only standard on which you are judged as parent.

Well, one of the great modern myths is quality time. Kids need quantity as well. Every parent makes choices, but the work world does not make these choices easy. In the Simpson case, there is no flex time, no job share, no part-time. Johnnie Cochran said once that he regretted not spending more time with his children. But Marcia Clark cannot leave at 9 miles an hour without an air bag.

Remember Jennifer Ireland? This young woman lost custody of her 3-year-old daughter Maranda because she left her in "the care of strangers" — day care — to take college classes. A judge ruled that Maranda would be better off with her father, cared for by his family. The ruling was only stayed pending appeal.

Believe it or not, the O. J. Simp-son case will not go on forever. It just seems that it is wrong to decide something as permanent as a child's lifelong custody on something as temporary as a trial.

In any work life there will be a time when one parent's job is too demanding, when she is sick, or he has to travel. If every change in one parent's work schedule risks a change in custody, divorcing couples will be in court longer than Judge Lance Ito.

As for Gordon Clark? He may be a father worried about his sons or he may be an ex-husband out to defeat his ex-wife. But what impeccable timing. What better moment for a man to tell a woman in full view of the world that she can't have it all.

Marcia Clark is at the top of her form. And still stuck. Between work and family. Between a rock and a hard place.

These days half of the custody dis-

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# Style



Dolce & Gabbana's houndstooth-check dress.



Pastel dress and coat from Istante by Versace.



Gucci's satin shirt and hipster pants.



Corset-fitting jacket at Moschino.

## A Manhattan Melody in Italian Shows

By Suzy Menkes  
*International Herald Tribune*

**M**ILAN — Red as a devil's cavern glowed the crumpling ceiling and cracked the walls. At the epicenter of popping flashbulbs and parading models was Anna Sui — one of a handful of American designers revving up Italian fashion.

The international fall-winter shows are supposed to open in Milan and end in mid-April in New York. Yet it was Tom Ford at Gucci who set the scene rocking with a Mick Jagger and Marianne Faithfull parade of taut satin shirts, low-slung hipster pants and shoes shining metallic like a Cadillac.

The other Americans making it in Milan are Lawrence Steele, formerly with the hot fashion house Prada; Russell Bennett, design consultant at Moschino; Rebecca Moses, an adviser to Genny, and Zoran, who has presented his no-fuss, fine-quality clothes in Milan for five years. This season he brought along Christian Francis Roth, a young New York designer with whom he plans to create a new line.

Against this Manhattan buzz, Gianni Versace was in uncharacteristically laid-back mode — sending out dresses and three-quarter coats like mother used to wear — in his Istante and Versus lines. But Dolce & Gabbana's close-fitting jackets and curvy dresses emphasized the structure and silhouette that is fashion's latest look.

The mood in Milan is somber, not just because of the continuing political uncertainty and currency fluctuations. (The weak lira has boosted Italian exports.) But there is a general feeling that designer fashion is stagnating and customers are apathetic.

"This is a moment to be professional about fashion," Giorgio Armani said

while fitting the new bouglia suits he will present in a big show in an industrial complex on Thursday.

In spite of the dearth of new young talent and a lack of fashion energy in Milan, American buyers emphasize the importance of Italian clothing to the stores.

"It's the tailoring, the fabrics, the quality all the way through — American women respond to it," said Dawn Mello,

### MILAN FASHION

president of Bergdorf Goodman, which includes an 18-strong team.

Gucci's hip show brought fun and dynamism to the quality product — deep-pile mohair coats in electric colors, pin-striped pantsuits, fine-knit dresses and squishy bags that came in metallic patent leather or even fur.

Sure it was retro: Kate Moss in velvet pants even tighter in the thighs and lower-slung than snake-hips Jagger used to wear. But Ford's rainbow-colored bolero-print shoes were a modern take on the hippy look. And the show, held in a grand salon under a quartet of massive chandeliers, held a good balance between what is good to wear and great for magazines to photograph.

Dolce & Gabbana made a B-line for the body: a swell of bosom, sharp in at the waist and curving hips for the suits that opened the show. Jackets and coats were either tight-fitting or tied, with a focus on the belted safari jacket and trench coat — cuts in bold houndstooth check, shiny plastic or fake fur.

The mix of textures and graphic use of black, white and wicked-lady scarlet made even the ladylike two-piece and Dolce Vita sleeveless day dress look modern. And since the designer duo have made the corset their signature, the evening look of laced bodice with fluted chiffon was spirited.

Versace — who took a bow with sister Donatella — proved the danger of making a show of a secondary line. Knee-length dresses and three-quarter coats in sweet-pea pastels at the Istante show? What a bore! Seen them all before — on Versace's own runway. And, of course, in those archive pictures of Balenciaga circa 1959.

Even the supermodels could not prevent satin skirts, suspended from crepe bodies cut in a straight line above the bust, from looking dowdy. And empire-line dresses in crystal pleats looked better on Madonna, who was projected in concert in a Goliath-sized image on the curtained backdrop.

The Versus line was livelier, with its geometric checker-board dresses recalling Courrèges in the 1960s and bold mixes of beringbone tweed with plaid — including tartan shoes and bags.

**T**HE Moschino show was a credible attempt to capture the wacky spirit of the designer, who died in September. There were corset seams and frills stitched to the outside of Moschino's impeccably cut jackets. References to witticisms or appliquéd symbols from previous collections were used alongside the bustle and ballgown themes launched by John Galliano and Vivienne Westwood. In a moving finale, blue sky-and-cloud-patterned outfits with angel wings paid tribute to the late designer.

Steele hinted at his Prada background with nylon jackets and mixes of thickly padded fabrics with liquid satin and fine knits. But he had a spirit of his own in long, curly coats and in a color palette that included crushed blueberry and burnt orange, as well as winter white, which is a Milan favorite.

Zoran's mushroom beiges and browns made elegant easy pieces in inventive fabrics like linen mixed with cashmere and satin with silk gauze.

Alongside American designers, there are also the British. The best of Katharine Hamnett's show was American-inspired: cyberspace cowgirls with fringe-patterned trompe l'oeil on a sweater, wide nylon pants and moon boots. Scott Crolla, in a first collection for Callaghan, took a nomadic journey through the 1970s, with a long, triple-layered silhouette, for velvet dresses in gaudy colors and crepe pants flaring over satin shoes and tapestry boots.

Where is the young Italian talent? Angela Missoni created a lively event with a video-show and still-life display inspired by women as superheroes — encased in stretch bouclé, gleaming in metallic Lurex or wearing knits in bands of different-sized stripes like a computer printout.

Missoni itself went hip — if by that you mean bras bursting through knit cardigans, hug-me-tight dresses and ice-sharp heels on padded ankle boots (stalagmite beadgear optional). The best trick was a nylon backpack unfurling as a rainbow-knit coat.

Kean Ero is pushing the family business toward high-fashion clothing as well as the strong bags, printed scarves and accessories. His sister Veronica is studying fashion at St. Martin's in London and the 10-strong design team includes fledgling British designers.

But the relationship between Milan fashion and foreign talent is a mutual love-in.

“This is a designer's dream — it is a good combination because Italian technology and craftsmanship is very well developed,” said Sui, who is creating a new line with Gilmar as well as designing its *Cento Per Cento* range.

And Ford explains why American designers can flower when they quit Manhattan for Milan. “It's leaving your own culture,” he said after the Gucci show Sunday. “You are not restricted by all the silly things you learn at home.”

## BOOKS

### REEF

By Romesh Gunesekera. 190 pages. \$20. *The New Press*.

Reviewed by Richard Eder

I T was 10 years or so into the bloody political and ethnic violence that, since the late 1950s, has afflicted the beauti-

ful island that once was Ceylon and now is Sri Lanka: “All over the globe eruptions of conflict, dominoes tottered and guerrilla war came of age; the world’s first woman prime minister — Mrs. Bandaranaike — lost her spectacular premiership on our small island, and I learned the art of good housekeeping.”

Romesb Gunesekera’s “Reef,” a novel about a youth who comes precariously together in a disintegrating world shares the fragrant sweetness of its setting and its agony of change. He works them into the first-person narrative of a poor farmer’s son for whom a job is wangled in Colombo as apprentice houseboy to Salgado, an eccentric intellectual who is the island’s leading marine biologist.

Gunesekera has taken the risk of telling a large story in the tiny, almost cloying constriction of meals, recipes, furniture polishing and a boy’s besotted reverence for the figure for whom he performed these tasks. There are times in “The Reef” — the loving preparation of a festive tea, a nerve-racking experiment with a Christmas turkey — when we could almost be reading a wry food-page feature about the perils and pleasures of Third World

cookery. We are reading something quite different.

When Triton, the narrator, comes to work for Salgado, it is not simply a job. It is passage from the primitive countryside to the complex tasks and ceremonies that mark the highly civilized world where people read books, govern countries, enjoy wealth and travel to England.

When the departure of Salgado’s cook and principal houseboy leaves Triton to do everything alone, it is not a burden handed to him but a sword. Through ordeal and peril to glory: He works and studies to become the perfect cook, butler, valet and housecleaner, and to please Salgado and Salgado’s ravishing girlfriend, Miss Nili.

Triton’s account begins long afterward on a cold night in London where he has lived for many years and has managed to set up, after hard struggles, a successful restaurant. Cooking is no longer a joyful salvation but simply a way to survive. It is the particular achievement of Gunesekera that he has been able to weave into Triton’s buoyancy and comically ecstatic account of life as a servant, more complex glimpses of Salgado, Nili,

and himself, and of the hard things that change was bringing to all of them.

Salgado is a wonderful mix of abstraction and urgency. He drifts about the house like a cogitating writh until Nili smites him; whereupon he fuses continually. Nili, sexy and frail, turns Triton into a buzzing circuitry of desire. The fact that he reveres her and his master too much to do anything about it only makes the erotic charge more powerful.

The growing strife and displacements of Sri Lanka and the world infiltrate the feudal glory of Triton’s kitchen. Political polarization and radical urgencies endanger and ultimately destroy his scientific mission: the ecological preservation and careful development of the Sri Lankan coastal waters, with a particular view to protecting the fragile coral reefs offshore.

Coral is Salgado’s passion and the book’s central metaphor. A coral reef is alive, but only at its skin. Its billions of tiny organisms multiply and build on the surface, leaving their calcified bodies as the reef’s mass. The violence of politics and change, in this im-

age, destroy the living integrity while seeking to give it more vital forms. Civilization is at the surface, not deep down; destroy the surface and the life that preserves it will die.

Gunesekera’s point, like his coral, is not calcified but alive. As Salgado leaves his post and takes a modest job in Britain — a number of his friends have been killed in the growing violence — his life changes but does not come to an end. Neither does Triton’s; he accompanies his master and continues to serve

him, though more modestly. Encouraged by Salgado, he reads, studies and starts a snack bar at the surface, not deep down; destroy the surface and the life that preserves it will die.

The rich but fragile culture that the two of them had known has perished in violence and change. They retain their humanity. Triton will stay, work and prosper. Well, badly — the author makes no effort to say; the verb is now, the adverb comes later. Without prospects, Salgado returns to Sri Lanka to take care of Nili, who is now an invalid. Humanity means using

whatever is left, even when it is only the past. Before Triton drives him to the airport, his former master tells him: “You know, Triton, we are only what we remember, nothing more

all we have is the memory of what we have done or not done; whom we might have touched, even for a moment.”

Perhaps, after all, coral would talk that way.

Richard Eder is on the staff of the *Los Angeles Times*

Suzy Menkes

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• Paula Almerares, an Argentine soprano, is reading “Los Angeles Como Mensajeros” (“Messengers of Light: The Angels Guide to Spiritual Growth”) by Terry L. Taylor.

“This is about angels, my favorite subject at the moment. Angels are the perfect inspiration for a singer.” (John Brunton, IHT)



### WHAT THEY'RE READING

## CHESSE

By Robert Byrne

**V**LADIMIR KRAMNIK beat Kiril Georgiev in the World Chess Olympiad.

In the Slav Gambit Accepted, with 4...dc 5 s4 Bf5, Black

has given up his stronghold in the center but gotten his queen bishop out, instead of straightforward development with 6 e3 followed by 7 Bc4. Kramnik prefers the ambitious 6 Ne5 e6 7

After 7...Bb4, 8 e4, Black cannot spinelessly retreat with 8...Bg6? because 9 Bc4 gives White a strong center and the black queen bishop is out of action. To fight, he must play 8...Be4!! 9 fxe4.

After the immediate 16 Qe3, Black should not play 16...Qf5?? because 17 Kc3 Nc5 18 Be2 is safe enough for the white king and the white pawns are united. Thus, 18...Qf6 19 Kb4 20 Ka5 Rd4 21 Rad1 Rhd8 22 Rhd4 Rhd4 23 Rdi1 Rd1 24 Rdi1 creates a won endgame for White.

After the immediate 16 Qe3, Black should not play 16...Qf5?? because 17 Kc3 Nc5 18 Be2 is safe enough for the white king and the white pawns are united. Thus, 18...Qf6 19 Kb4 20 Ka5 Rd4 21 Rad1 Rhd8 22 Rhd4 Rhd4 23 Rdi1 Rd1 24 Rdi1 creates a won endgame for White.

But Georgiev’s 16...Kb8 was passive and did not prepare a

### SLAV DEFENSE

White Kramnik Black Georgiev Kramnik

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5 c4 e6 6 Nc3 Bf5 7 Nf3 Bb7 8 Bc4

9 Nf4 Qd6 10 Nc3 Qc5 11 Nf3 Qd6

12 Nc3 Qc5 13 Nf3 Qd6 14 Nc3 Qc5

15 Nf3 Qd6 16 Kc3 Nc5 17 Nf4 Qf6

18 Kb4 20 Ka5 Rd4 21 Rad1 Rhd8 22

Rhd4 23 Rdi1 Rd1 24 Nc3 25 Rdi1

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## MARKET DIARY

## Blue Chips Rebound Despite Sagging Dollar

Bloomberg Business News

**NEW YORK** — U.S. stocks closed mixed on Monday as Walt Disney, technology and oil issues rallied, offsetting a slump in bank and utility stocks caused by a falling dollar and rising Treasury bond yields.

Falling stocks swamped advancing issues by almost eight

**U.S. Stocks**

to three. Even so, stocks managed to overcome record lows in the dollar, a drop in Treasury bonds and continued poor economic news from Mexico.

After tumbling as much as 33.89 points, the Dow Jones industrial average rose 7.95 points to 3,979.56, adding to Friday's gain of 9.68 points.

The benchmark 30-year Treasury bond's yield rose to 7.59 percent from 7.54 percent. Disney, which surged 2% to a record high of 56¢, contributed 5.9 points to the Dow advance. Philip Morris climbed 1% to 63¢ and IBM jumped 3% to 80¢, its highest since September 1992 and up 9 percent since last Tuesday.

Among broad-market indexes, the Standard & Poor's 500 edged up 0.21, to 485.63. Stocks

got a late boost from a round of computer-guided orders to buy stocks that began late in the session and added 11 points to the Dow and 1.1 points to the S&P 500, according to Birinyi Associates Inc.

Part of the explanation for the rebound can be found in the large losses U.S. investors have suffered in Latin American and Asian markets in the past few months, said Thom Brown, managing director at Rutherford, Brown & Catherwood.

"There are a lot of people de-

serving these foreign markets and putting their money back into this market, and when they do they're looking for anything that will grow its earnings and has reasonable quality," Mr. Brown said.

The Nasdaq over-the-counter index dropped 1.02, to 797.77, after initially falling as much as 7.09. Its recovery was buoyed by reports that have surfaced of a shortage of computer memory chips needed for multimedia and interactive applications. Hewlett added 1% to 118¢, Micron Technology Inc. spurred 1% to 69¢, Texas Instruments leapt 2% to 88¢, and Advanced Micro Devices surged 2% to 34¢.

Via Associated Press

March 6

**The Dow****Dow Jones Bond Averages**

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# Lyonnaise Plans Hostile Offer For U.K. Firm

Compiled by Our Staff From Dispatches

LONDON — Lyonnaise Des Eaux SA said Monday it would make an unspecified cash offer for Northumbrian Water PLC of Britain, which replied that the French water, waste and construction company's bid would be unwelcome.

Lyonnaise, which already runs two small water companies in eastern England, said it would not specify an offer price until it had a chance to negotiate with the Northumbrian board and obtained clearance from British and European Union antitrust officials.

Northumbrian, based in the northeastern town of Newcastle-upon-Tyne, said the proposed bid was unsolicited and unwelcome, and it indicated its intention to remain an independent company.

The bid will "create business disruption and expose shareholders, customers and employees to a prolonged period of uncertainty," Northumbrian said.

But Northumbrian stock surged on news of the offer, closing at 873 pence (\$1.42), up

131. That values the company at about £600 million. Investors also pushed up shares of other British water stocks in anticipation of further takeover bids.

Lyonnaise said it expected to announce details of its offer by the middle of this year.

"Lyonnaise hopes that an offer can be made to shareholders of Northumbrian in the summer of 1995 and that such an offer will be completed as quickly as possible thereafter," the company said.

If it succeeds in its bid, Lyonnaise said it wanted to merge Northumbrian with a business it already owns in the region, North East Water PLC. North East Water provides water to customers who do not use Northumbrian, raising potential competitive issues in the bid.

Jacques Petry, president of Lyonnaise's international water division, said it was too early to say what job reductions could come from a merger.

In the year that ended in March 1994, Northumbrian employed 3,202 people.

(Reuters, Bloomberg, AP)

## Potash Corp. Buys Texasgulf

Compiled by Our Staff From Dispatches

PARIS — Elf Aquitaine and Williams Cos. plan to sell their Texasgulf Inc. phosphates unit to Potash Corp. of Saskatchewan Inc. for \$810 million. Elf said Monday.

Elf has a 85 percent stake in Texasgulf, while Williams owns the remaining 15 percent.

The sale of the unit to Potash means plans for an initial public offering of Texasgulf shares will not go forward.

Texasgulf is one of the world's largest producers of phosphate rock and products. Elf bought the company in 1981, absorbing some of its energy operations. Williams swapped assets for its stake in 1985.

(Reuters, Bloomberg)

## Clark Bows Out Of Volvo Venture

Compiled by Our Staff From Dispatches

GOTHENBURG, Sweden — Volvo AB said Monday it would buy the 50 percent of VME Group NV that it does not already own from Clark Equipment Co. for \$573 million. The price includes a special \$13 million dividend to Clark.

VME, which is registered in the Netherlands but has its headquarters in Brussels, makes wheel-loaders, excavators, haulers and trucks. It was established in 1985 when the two companies merged their construction equipment makers. In 1994, VME posted a net profit of \$132.1 million on sales of \$1.57 billion.

In January, Volvo said it would spend more than 3 billion kronor (\$409.8 million) through 1996 to expand its truck and car-making units.

(Reuters, Bloomberg)

# The Clash of Cultures at Barings

## Tradition Wasn't Ready for Pace of Global Markets

By John Darnton  
New York Times Service

LONDON — During the banking crises of the 1920s and 1930s, the managing director of Barings PLC, Cecil Baring, who was the third Lord Revelstoke, rode out the vicissitudes of international finance by sitting at his large desk, reading classical Greek literature.

Sent to Spain at one point to strike the terms for a huge loan, he cabled back urgently to demand not the latest interest rate, but the location of certain nesting birds that he was anxious to catch in his binoculars.

Today's scion, the 59-year-old chairman Peter Baring, has little time for such leisure activities.

For the past week he has been rushing from one meeting to another, trying to forestall and then to soften the collapse of the famed institution that made his family's fortune over the last 233 years. On Sunday night, Barings was sold to a Dutch bank that agreed to inject \$1 billion to keep the company afloat.

Between "The Iliad" and the computerized spreadsheet lies the quantum leap into modern times. It was a leap that Barings did not fully navigate, investment analysts in London said.

Its failure, brought about ostensibly by the actions of a 28-year-old trader in Singapore, who lost about \$1 billion in trading on the future of Japanese stock prices, spells for some the end of an old-world era of British banking.

As evidence mounts that the trader was not acting alone, regulators in London and Singapore are studying what Barings' top managers might have known about the risky trades.

In recent years, Barings tried to move ahead from the old-fashioned clubby world in which it advised and handled the assets for a privileged circle of clients, beginning with the Queen.

It entered halfway into the fast-paced and sometimes wildly profitable world of global markets in securities, derivatives and other instruments. But it never completed the transition. The separate divisions — traditional banking and modern securities trading — coexisted but never cooperated and resisted efforts to live peacefully under one roof.

"The story of what happened at Barings is really a result of the divisions," said an executive who worked there for years. "It was a clash of cultures."

The images of old-world banking include an army of men in trim somber suits, bowler hats and black umbrellas converging daily upon the heavy gothic headquarters of the City, London's financial district. But those images faded more than two decades ago.

The old buildings have been replaced by sleek steel-and-glass skyscrapers, and the men in the bowler hats by legions of young people sometimes denigrated as "barrow boys," nicknamed after London's bygone street vendors who once hawked cheap wares from wheelbarrows.

They are hungry traders who probably not been to a university, live on risk and want to make a pile of money in a hurry. They often burn out by their mid-30s.

At lunchtime, they can be seen in the City's pubs, in distinctively colored trad-

**Between Homer and the computer spreadsheet lies the quantum leap to modern times. It was a leap Barings did not fully navigate.**

er jackets, or, in the evenings, in flashy pinstripes. They sometimes play a come-to-subtle game of ooe-upmanship called "Wedge": at the shout of a word, wallets are slapped on table tops and bars; whoever has the least moey wins a round of drinks for the house. This is a far cry from the plush leather armchairs of London's clubs, the aristocratic preserve of the old establishment.

But remnants of the old mentality still survive in the nooks and crannies of the old institutions that are run, like Barings, as family legacies. The firm began as a merchant house founded by John and Francis Baring, descendants of a Dutch wool trader, on Queen Street in Cheapside close to New Year's Day of 1763.

Barings was more than a pillar of the establishment. It was the establishment. It financed British armies during the American Revolution and the Napoleonic wars, provided money for the Louisiana Purchase, went broke a century ago with bad loans to Argentina and then recovered with help from the Bank of England to become a dominant financial power during the High Victorian age.

The French statesman, the Duc de Richelieu, declared in 1818: "There are six great powers in Europe: England, France, Russia, Austria, Prussia and the Baring brothers."

Barings specialized in a blue-chip portfolio, becoming a sort of informal adviser to the Bank of England, and providing investment advice and acting as fund managers for most of the royal family's personal wealth during this century.

A major change for Barings and other

British banks came in 1986, with the so-called Big Bang, when the financial institutions were deregulated. Overnight, rules changed and protective walls fell.

Banks and investment firms rushed in from the United States and other countries, which bred cutthroat competition for huge new profits and a new system for achieving them by sending money around the world at a lightning pace.

"When I first arrived, it was old style," the former executive said. "A serious banking side and a serious investment side. Not huge but good clients. Everything was done through stockbrokers. You didn't have integrated houses, direct exposure, all that new culture."

When the new culture came to Barings, it came from Asia, where Barings had always been strong, following and sometimes financing the British Empire. Japan became the bank's testing ground for the relatively high-risk ventures into equities, focusing on emerging markets.

The harbinger was Christopher Heath of the bank's securities subsidiary, who became Britain's highest-paid executive with annual earnings of close to \$3 million. Between 1987 and 1989, Baring Securities was contributing as much as 80 percent to the company's overall profit. Insiders at the bank suggest that the earnings aroused envy in other divisions.

Mr. Heath, who at one point wanted more capital to move into the derivatives area left in March 1993, after a dispute over the direction of the bank.

After his departure, the securities division was to be folded into the overall administration under control of the banking division, Baring Brothers & Co., but the arrangement never worked out. Bank insiders say the reorganization plan was resisted by Baring Securities.

"The cultures were just too different," one official said. "They just couldn't live together and no one was strong enough to bring them together."

Even when auditors warned Barings executives last August that the trader in Singapore, Nicholas W. Leeson, could override the bank's controls, Barings apparently did not take action.

Mr. Leeson was in charge of trading, which involved the execution of client orders, and of settlement, which recorded and monitored the trading, meaning that a normal system of checks and balances was not in place.

By most accounts, Mr. Leeson fit snugly into the new culture. The son of a plasterer raised in a subsidized housing project in Watford, a drab suburb of London, he performed well enough in high school but failed a university qualifying exam in mathematics.

Barings specialized in a blue-chip portfolio, becoming a sort of informal adviser to the Bank of England, and providing investment advice and acting as fund managers for most of the royal family's personal wealth during this century.

A major change for Barings and other

## YEN: Threat to Japan's Exporters

Continued from Page 11

up to September, when the first half of the next Japanese financial year ends.

This means that any effect of the strong yen on corporate earnings would not be felt until then at the earliest, with profits falling more in the second half of the year if the yen continues to rise.

Sony said it had hedged around 30 percent of its foreign-currency contracts for the first three months of the coming financial year at a rate of 99 yen to the dollar. The company has not decided on rates for later in the period. NEC and Toshiba say they are hedged up to September.

But a sustained strong yen is bound to cause some long-term changes in the strategy of Japanese business.

(Bloomberg, AP)

## DOLLAR: Wall Street Indifferent

Continued from Page 11

effect of a falling dollar would be much more profound if countries with strong currencies such as Germany and Switzerland were America's most important trading partners.

Indeed, Canada and Mexico, which last year ranked first and third, respectively, in terms of bilateral trade with the United States, have currencies far weaker than the dollar. Moreover, in order to maintain market share, foreign companies based in strong-currency countries have either squeezed profit margins dramatically or moved operations to the United States.

Then, too, because of shifting trading patterns, Mr. Soss and other analysts said that market fears of the inflationary effects of a weaker dollar have become much less real. The inflationary

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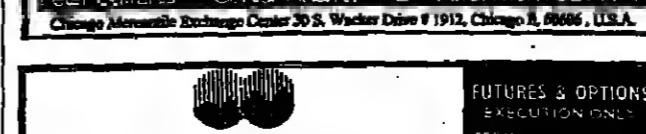
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SATURDAY 9:00 AM - 12:00 NOON

SUNDAY 12:00 NOON - 4:00 PM

WEEKENDS 12:00 NO

**NASDAQ**

**Monday's 4 p.m.**  
This list compiled by the AP, consists of the 1,000 most traded National Market securities in terms of dollar value. It is updated twice a year.

**AMEX**

**Monday's 4 p.m. Close**  
Tables include the nationwide prices up to  
the closing on Wall Street and do not reflec

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## Nissan Plans New Job Cuts To Stem Losses

By Andrew Pollack  
New York Times Service

TOKYO — Nissan Motor Co. will accelerate its efforts to reduce its work force and cut costs in the face of huge losses.

The company's plans reflects a sense of crisis at Japan's second-largest automaker, which has lagged rivals in benefiting from the upturn in Japan's car sales that began in the middle of last year.

The Nihon Keizai Shimbun, the financial newspaper, reported on Monday that Nissan was planning to cut 6,000 to 7,000 people from its Japanese work force by March 1996. The work

force now numbers 49,000. The cuts would be made by sharply reducing hiring, transferring people to affiliates and other measures short of layoffs.

The company also plans to ask its parts suppliers to cut prices by 30 percent in the next three years. Overall, Nissan plans to cut costs by 10 percent, the newspaper reported.

Miko Kanno, a spokeswoman for Nissan, would not confirm the numbers in the article. But she said, "We are accelerating our restructuring plan."

In February 1993, Nissan announced a plan calling for a reduction of 5,000 Japanese workers, to a level of 48,000, by March 1996. It also shocked Japan by saying it would close a factory in Zama, southwest of Tokyo, the first factory closing by an auto company in Japan.

But those measures have not been nearly enough and the company continues to suffer huge losses. It expects to report a net loss of 65 billion yen (\$653 million) for the parent company in the financial year that ends this month. On a consolidated basis, analysts expect a loss of about 140 billion yen out of about 37 billion yen last year.

"I think they are in pretty bad shape," said Benjamin Moyer, auto analyst in the Tokyo office of Merrill Lynch & Co. "The big point is that they've got to get their costs down. They've got to get enough profit to stabilize the balance sheet before a downturn begins."

Mr. Moyer said Nissan's balance sheet was the weakest among the five big Japanese auto companies. However, he said he saw no threat to the company's survival, because Nissan still owned a lot of stock in other companies and other assets it could sell.

Nissan's sales in Japan fell 7.6 percent last year, to 1.10 million units, while total vehicle sales rose 0.9 percent. In the past few months, however, Nissan has introduced some new cars that have done well, and in February its sales rose more than 14 percent from the corresponding month a year earlier.

The commission has accused the companies of setting bid prices among themselves for orders in 1993 from the Japan Sewerage Works Agency, a special body of the Construction Ministry. (Reuters, AFP)

## Japan Charges Electronics Firms With Bid-Rigging

Compiled by Our Staff From Dispatches

TOKYO — Japan's Fair Trade Commission filed a criminal complaint Monday against nine electronics companies for allegedly rigging bids for public sewer projects, officials said.

The Tokyo Prosecution Office is expected to start an investigation into the case to confirm whether the companies had violated the Antimonopoly Law by prearranging winners of contracts for local water supply and sewerage systems.

The nine companies include five top electronics makers: Toshiba Corp., Hitachi Ltd., Mitsubishi Electric Corp., Fuji Electric Co. and Matsushita Corp.

The other four are Yaskawa Electric Corp., Nissan Electric Co., Shinko Electric Co. and Takaoka Electric Manufacturing Co. If convicted, the companies face up to 100 million yen (\$1 million) in fines, and executives could be fined or jailed for up to three years.

The commission has accused the companies of setting bid prices among themselves for orders in 1993 from the Japan Sewerage Works Agency, a special body of the Construction Ministry. (Reuters, AFP)

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The commission has accused the companies of setting bid prices among themselves for orders in 1993 from the Japan Sewerage Works Agency, a special body of the Construction Ministry. (Reuters, AFP)

## Following the Footsteps of Barings

### In China, a Bad Futures Bet Shuts Down the Market

By Seth Faison  
New York Times Service

SHANGHAI — China's emerging securities markets are mired in their biggest financial scandal since the Communists reopened a stock market in Shanghai in 1990, weakening the markets at a time when the country badly needs them to raise capital.

In a trading disaster that bears some eerie similarities to the collapse of Barings PLC, China's biggest and most prestigious securities firm made a huge gamble in the bond market late last month and lost. It pushed the firm, Shanghai International Securities, to the brink of bankruptcy in a single day.

But traders at Shanghai International apparently took its misadventure one step further and tried to manipulate the market by orchestrating a mass of sell-orders 10 minutes before closing on Feb. 23. That led the authorities to suspend all trading last week in bond futures, the only lively market in China in recent months, while they investigate Shanghai International's actions.

The clampdown has drawn attention to how fragile the Chinese markets are, surviving under a government that is still uncomfortable with letting a market decide who makes money. It has also pointed to how weak supervision is, with several securities firms flagrantly violating trading limits and the Shanghai Stock Exchange unable to do anything about it.

For Western companies, several of which have discussed joint-venture possibilities with Shanghai International, the whole affair is a sharp reminder of the uncertainty of doing business in China.

Like Barings, Shanghai International bet on a large number of futures contracts, expecting prices of bond futures to fall. When they rose sharply instead, the firm, with just \$120 million in registered capital, was hit with losses that outsiders estimated at \$80 million to \$150 million.

To make matters more complicated, Shanghai International — which likes to compare itself not with Barings but with Merrill Lynch & Co. — is accusing another firm of profiting by using inside information to trade on large accounts.

The bond market crisis has followed a familiar pattern in China's financial markets: a new avenue for raising capital is created, initial indifference gives way to active trading and eventually to a frenzy of speculation, and finally the authorities intervene with strong measures that stop excesses as well as any active trading.

"The central government is afraid of crisis," said Yan Yunlong, deputy general manager at Guotai Securities, a competitor of Shanghai International.

That is when Shanghai International made its ill-fated bet that prices would fall. Instead, they rose, sharply and relentlessly. But in the final minutes of trading, they suddenly dropped like a stone, when a blizzard of sell-orders hit the market.

Brokers monitoring the trades electronically could see that they came overwhelmingly from Shanghai International, apparently trying to obliterate its sell losses by driving the price down.

The following morning, the stock exchange canceled the final eight minutes of trades, worth about \$37 billion. On Feb. 27, it formally suspended futures trading and on Tuesday instructed anyone with a remaining contract to settle it privately or be forced to accept a price ordered by the exchange.

David Wei, an executive at Shanghai International, conceded that "some traders" may have violated exchange rules by knowingly exceeding the number of futures contracts the firm was allowed to trade. He would not discuss estimated losses or the number of traders involved. The Shanghai Stock Exchange refused to answer any questions.

Mr. Wei described Shanghai International as a victim and took the highly unusual step of accusing another firm of insider trading. Because of its close ties to a ministry in Beijing, Mr. Wei said, the firm apparently had early information on a plan to raise the premium on bonds.

Zhong Ming, a senior executive at the accused firm, China Economic Trust & Investment Development Corp., responded: "Some company violated trading regulations. Why are they accusing us of breaking the rules?"

An executive at another firm said that China Economic was the biggest winner in the bond-future frenzy, while Shanghai International was the biggest loser. Noting that every securities firm in China is government-owned, and essentially trading government money, the trader said that one firm was backed by Beijing's Ministry of Finance, while the other was supported by the Shanghai municipal government.

Huan Guocang, chief economist at J. P. Morgan Asia, said that one reason the Shanghai market was highly speculative was that the securities houses did not risk their own money.

"Whatever they make, they keep," Huan said. "Whatever they lose, the government takes care of it."

That is not true for individual investors like Mr. Zhang, who trades for his own account. Bot will be stop playing the domestic markets? "No," he said, shaking his head. "I have no other choices. I'll just wait until a market in Shanghai gets interesting again."

## Investor's Asia

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# NYSE

**Monday's 4 p.m. Close**  
 Tables include the nationwide prices up to  
 the closing on Wall Street and do not reflect  
 late trades elsewhere. Via The Associated Press

(Continued)

12 Month  
High Low Stock

	Div	Yld	PE	1994	1993	High	Low	Last	Close
AT&T	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
American Express	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
AT&T Bell Labs	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
AT&T Long Distance	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
AT&T Mobility	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
AT&T Telecommunications	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
AT&T Wireless	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Bell Atlantic	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Boeing	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Citigroup	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Coca-Cola	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Eastman Kodak	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Ford Motor	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
General Electric	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
General Mills	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
IBM	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Johnson & Johnson	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Kodak	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Lever Brothers	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Merck	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Nestle	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
PepsiCo	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Procter & Gamble	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
United Technologies	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Verizon	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Walt Disney	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
Westinghouse	0.00	2.50	15.00	42.00	39.00	42.00	39.00	41.00	41.00
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